ANALYTIX SYSTEMS PRIVATE LIMITED

FINANCIAL STATEMENTS
2012 - 2013

INDEPENDENT AUDITORS' REPORT

To
The Members of
Analytix Systems Private Limited,

We have audited the accompanying financial statements of **Analytix Systems Private Limited,** which comprise the Balance Sheet as at March 31st, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) 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

   c) the Balance sheet and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of acccount.

   d) in our opinion, the Balance Sheet and Statement of Profit and Loss, comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;

e) on verification of records and documents available with the company we report that all of the Directors have been disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

for **SETHIA PRABHAD HEGDE & CO**
Chartered Accountants

Timmayya Hegde
Partner
Membership No.226267

Bangalore
27th May, 2013

ANNEXURE TO THE AUDITORS' REPORT

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

(i) (a) The Company has no fixed assets during the year and hence provisions of clause (i) of Para (4) of Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

(ii) (a) The Company has no inventory during the year and hence provisions of clause (ii) of Para (4) of Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

(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), (e), (f) and (g) are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system 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 weakness 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 into 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 in house 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, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Wealth-tax, Custom duty and Cess have generally been regularly deposited during the year 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, Sales-tax, Service Tax, Wealth Tax, Customs Duty and Cess were in arrears as at 31st March 2013 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 with the appropriate authorities which have not been deposited on account of any dispute.

(x) The Company does not have any accumulated losses, as at March 31, 2013. The Company has incurred cash losses in the financial year ended on that date and in the immediately preceding the 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 explanations 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 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 Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) The Company has not borrowed any term loan during the year and hence the provisions of clause 4 (xvi) of the said Order are not applicable.

(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 a Companies / firms / parties 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 during the year.

(xx) The Company has not raised any monies by way of public issue during the year.

(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 **Sethia Prabhad Hegde & Co**
Chartered Accountants
Firm Registration No. 013367S

Bangalore
May 27, 2013

Timmayya Hegde
Partner
Membership No. 226267

BALANCE SHEET

AS AT MARCH 31, 2013 (Amount In Rupees)

PARTICULARS	Note No.	March 31, 2013	March 31, 2012
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2.1	200,000	200,000
(b) Reserves and Surplus	2.2	902,301	934,437
2 Current liabilities			
(a) Trade Payables	2.3	30,000	15,000
(b) Other Current Liabilities	2.4	-	2,827,109
TOTAL		**1,132,301**	**3,976,546**
II ASSETS			
1 Non-current Assets			
2 Current Assets			
(a) Cash and cash equivalents	2.5	86,862	94,902
(b) Short-term loans and advances	2.6	1,045,438	3,881,644
TOTAL		**1,132,301**	**3,976,546**
Significant accounting policies and notes to accounts	**1 & 2**		

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Bangalore
27th May 2013

Timmayya Hegde
Partner
M.No. 226267

Asif Khader
Director

Mueed Khader
Director

CRANES

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2013 (Amount In Rupees)

PARTICULARS	Note No.	March 31, 2013	March 31, 2012
Income		-	-
Total Revenue		**-**	**-**
Expenses :			
Other expenses	2.7	32,136	96,643
Total Expenses		**32,136**	**96,643**
Profit/(loss) before exceptional and extraordinary items and tax		**(32,136)**	**(96,643)**
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		**(32,136)**	**(96,643)**
Extraordinary Items		-	-
Profit / (Loss) before Tax		**(32,136)**	**(96,643)**
Tax expense:		-	-
Profit / (Loss) for the period		**(32,136)**	**(96,643)**
Earnings per share:			
(1) Basic		(1.61)	(4.83)
(2) Diluted		(1.61)	(4.83)
Significant accounting policies and notes to the accounts	**1 & 2**		

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Bangalore
27th May 2013

Timmayya Hegde
Partner
M.No. 226267

Asif Khader
Director

Mueed Khader
Director

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation of financial statements

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

Preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires management to make estimates & assumptions that affect the reported balance of assets & liabilities and disclosures relating to Contingent assets & liabilities as on the date of Financial Statement and reported amounts of Income & expenditure during the period. Actual results could differ from these estimates, differences if any between the actual results and estimates are recognized in the period in which the results are known or materialized.

Presentation and disclosure of financial statements during the year ended March 31, 2013 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Company for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

All the assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon managements's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include classification of assets and liabilities into current and non-current, estimates of the economic useful lives of fixed assets, provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

3 Revenue Recognition

(i) Revenue from sale of products is recognized, in accordance with the sales contract, on delivery of goods to the Customer. Revenue from product sales are shown net of taxes.

(ii) Revenue on Software Development services comprises revenue priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.

(iii) Revenue from Technical Service, Training, support and other services is recognized as the related services are performed over the duration of the contract / course.

(iv) Dividend is recognized when the right to receive the dividend is established at the balance sheet date.

4 Fixed Assets and Capital Work-in-progress

(i) The Company does not possess any Fixed Assets as on the balance sheet date.

5 Intangible Assets

(i) All intangible assets are stated at cost less accumulated amortization.

(ii) The cost of acquired intangible assets is the consideration paid for acquisition and other incidental costs incurred to bring the intangible asset for its intended use.

(iii) Internally generated intangible assets are valued at cost which were incurred during the development phase of intangibles which comprises of expenditure on materials and services used or consumed, salaries and other employment related cost of personnel engaged in development of intangible asset, other direct expenditures and overheads that are necessary for the generation of the intangible asset and that can be allocated on a reasonable basis.

(iv) Interest on borrowed money allocated to and utilized for intangible assets, pertaining to the period up to the date the intangible asset is ready for its intended use, is capitalized in accordance with Accounting Standard-16.

(v) Amount paid towards the acquisition of intangible assets, which is not put to use as at reporting date and the cost of intangible assets not ready for its intended use before such date is disclosed under Capital Work-in-progress.

6 Depreciation and Amortization

(i) Depreciation has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.

(ii) The Management estimates the useful life of Customized software/commercial rights procured for specific application as 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 in on the revalued amount prospectively over the remaining useful life of the asset.

7 Impairment of Assets

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

8 Inventories

The Companies Inventories comprises of raw material, Work in progress and finished hardware products which are valued at cost or net realizable value, whichever is lower. The cost formula used is specific identification 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.

9 Effect of Exchange Fluctuation on foreign currency transactions

(i) Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.

(ii) Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.

(iii) Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

(iv) Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recognized in the statement of profit and loss.

(v) Non - Monetary assets & liabilities are translated at the rate prevailing on the date of transaction.

(vi) Foreign currency translation differences relating to liabilities incurred for acquiring fixed assets are recognized in Statement of Profit and Loss.

10 Employee Benefits

(i) The short-term employee benefits such as salaries and paid leave is debited to expense as and when an employee has rendered services in exchange for these benefits.

11 Income Tax / Deferred Tax

(i) Current tax is calculated in accordance with the relevant tax regulations.

(ii) Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing difference originate. For this purpose the timing difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of profit and loss in the year of charge. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet dates.

(iii) Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liabliltiy, 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.

12 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 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 out flow 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.

13 Earnings per Share

(i) Basic Earnings per share is calculated by dividing the net earnings available to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.

(ii) Diluted Earnings per share is calculated by dividing the net earnings available to existing and potential Equity Shareholders by aggregate of the weighted average number of Equity Shares considered for deriving basic earnings per share. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

14 Leases

(i) Lease arrangements where substantial risk and rewards incidental to ownership vests with the lessor, such leases are recognized as operating leases.

(ii) Lease payments under operating lease are recognized as an expense in the statement of profit and loss.

15 Derivative Instruments and Hedge Accounting

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 “Financial Instruments: Recognition and Measurement” (AS-30).

The use of hedging instruments is governed by the Company’s policies approved by the board of directors, which provide written principles on the use of such financial derivatives consistent with the Company’s risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in shareholders’ funds and the ineffective portion is recognized immediately in the statement of profit and loss.

Changes in the fair value of derivative financia instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in shareholders’ funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholders’ funds is transferred to the statement of profit and loss for the period.

However, the company has no outstanding hedged transaction nor entered into any hedging transaction during the year.

NOTES ON ACCOUNTS

FOR THE YEAR ENDED MARCH 31, 2013

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

2.1 SHARE CAPITAL

a) Break-up of Shares (Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
AUTHORISED		
20,000 Equity Shares of Rs. 10/- each	200,000	200,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
20,000 Equity Shares of Rs. 10/- each fully paid up	200,000	200,000
TOTAL	**200,000**	**200,000**

The Company has only one class of shares referred to as equity shares having a par value of Rs.10. Each holder of equity shares is entitled to one vote per share held.

The Company declares and pays dividend in Indian rupees. The Board of Directors have not proposed any dividend during the year. Dividend declared if any, if approved by the Shareholders, is payable to the shareholders in proportion to their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Reconciliation of number of Shares (Amount in Rupees)

Equity Shares	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	20,000	200,000	20,000	200,000
Balance as at the end of the year	**20,000**	**200,000**	**20,000**	**200,000**

Neither shares are reserved for issue under options nor securities have been issued, which are convertible into equity / preference shares in future as on the date of balance sheet.

c) Details of Shares held by shareholders, holding more than 5% of the aggregate shares in the Company.

(Amount in Rupees)

Name of the Share Holder	As at 31-3-2013		As at 31-3-2012	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Cranes Software International Limited	20,000	100%	20,000	100%

2.2 RESERVES AND SURPLUS

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	As at 31.3.2012
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	934,437	1,031,080
Less: Loss for the year	(32,136)	(96,643)
Balance as at the end of the year	**902,301**	**934,437**

2.3 TRADE PAYABLES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Trades Payables	30,000	15,000
TOTAL	**30,000**	**15,000**
Refer Note: 2.10 (Reg. Micro, Small and Medium Enterprises)		

2.4 OTHER CURRENT LIABILITIES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Other Payables	-	-
Related Parties	-	50,000
Others	-	2,777,109
TOTAL	**-**	**2,827,109**

2.5 CASH AND BANK BALANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Bank Balances :		
In current Accounts	86,862	94,902
TOTAL	**86,862**	**94,902**

2.6 SHORT TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Unsecured, considered good		
Balances with group companies	1,045,438	3,881,644
TOTAL	**1,045,438**	**3,881,644**

2.7 OTHER EXPENSES

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Statutory Auditors : Audit fees	15,000	15,000
Professional charges	-	41,700
Miscellaneous expenses	17,136	39,943
TOTAL	**32,136**	**96,643**

2.8 EARNINGS PER SHARE

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013		For the year 31.3.2012	
	Basic Extraordinary Item	After Extraordinary Items	Basic Extraordinary Items	After Extraordinary Items
(a) Basic / Diluted				
Profit / (loss) after tax	(32,136)	(32,136)	(96,643)	(96,643)
Weighted average number of shares outstanding	20,000	20,000	20,000	20,000
Basic / Diluted EPS	(1.61)	(1.61)	(4.83)	(4.83)

OTHER DISCLOSURES

2.9 RELATED PARTY TRANSACTIONS

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013		For the year 31.3.2012	
	Holding Company	Other Related Parties	Holding Company	Other Related Parties
Loans / advances / equity contribution given	12,746,615	-	67,312,732	-
Loans / advances / equity contribution taken	15,582,821	-	64,669,135	50,000
Balance as on 31.03.13 receivable	**1,045,438**	**-**	**3,881,644**	**50,000**

NAME OF THE RELATED PARTIES AND DESCRIPTION OF RELATIONSHIP

Holding Company	Cranes Software International Limited
Key Management Personnel	Mr. Asif Khader
	Mr. Mueed Khader

2.10 DUES TO MICRO AND SMALL ENTERPRISES

Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil

Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	Nil	Nil
Further Interest remaining due and payable for earlier years.	Nil	Nil

2.11 Deferred tax assets on account of timing difference are not recognised in the books of accounts as the sufficient future taxable income will not be available against which such deferred tax assets can be realised.

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Timmayya Hegde
Partner
M. No. 226267

Asif Khader
Director

Mueed Khader
Director

Bangalore
27th May 2013

CARAVEL INFO SYSTEMS PRIVATE LIMITED

FINANCIAL STATEMENTS
2012 - 2013

INDEPENDENT AUDITORS' REPORT

To
The Members of
Caravel Info Systems Private Limited,

We have audited the accompanying financial statements of **Caravel Info Systems Private Limited,** which comprise the Balance Sheet as at March 31st, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) 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

   c) the Balance sheet and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.

   d) in our opinion, the Balance Sheet and Statement of Profit and Loss, comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;

e) on verification of records and documents available with the company we report that all of the Directors have been disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

for **SETHIA PRABHAD HEGDE & CO**
Chartered Accountants
Firm Registration No. 013367S

Timmayya Hegde
Partner
Membership No.226267

Bangalore
27th May, 2013

ANNEXURE TO THE AUDITORS' REPORT

(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 Fixed Assets have not been physically verified by the management during the year but there is a regular program 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 Company has no inventory during the year and hence provisions of clause (ii) of Para (4) of Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

(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), (e), (f) and (g) are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system 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 weakness 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 into 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 in house 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, Employees' State Insurance, Service tax, Wealth-tax, Custom duty and Cess have generally been regularly deposited during the year by the Company with the appropriate authorities except in the below cases.

Name of the Statute	Nature of dues	Amount to be deposited
Income Tax Act	Withholding Taxes	8,70,410
Sales Tax / Value Added Tax	Value Added Tax	25,01,867

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Wealth Tax, Service Tax, Customs duty and Cess were in arrears as at 31st March 2013 for a period of more than six months from the date they became payable except in the below case which is still due for payment:

Name of the Statute	Nature of dues	Amount to be deposited
Income Tax Act	Withholding Taxes	7,89,051
Sales Tax / Value Added Tax	Value Added Tax	7,90,940

(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 with the appropriate authorities which have not been deposited on account of any dispute.

(x) The Company has not incurred any cash losses during the financial year and its accumulated losses are more than 50% of its net worth at the end of the 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 explanations 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 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 Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) The Company has not borrowed any term loan during the year and hence the provisions of clause 4 (xvi) of the said Order are not applicable.

(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 a Companies / firms / parties 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 during the year.

(xx) The Company has not raised any monies by way of public issue during the year.

(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 **Sethia Prabhad Hegde & Co**
Chartered Accountants
Firm Registration No. 013367S

Bangalore
May 27, 2013

Timmayya Hegde
Partner
Membership No. 226267

BALANCE SHEET

AS AT MARCH 31, 2013 (Amount In Rupees)

PARTICULARS	Note No.	March 31, 2013	March 31, 2012
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2.1	1,200,000	1,200,000
(b) Reserves and Surplus	2.2	(5,948,695)	(10,159,467)
2 Non-Current liabilities			
(a) Long-term provisions	2.4	1,602,592	1,602,592
3 Current liabilities			
(a) Short-term borrowings	2.5	7,463,448	4,619,287
(b) Trade payables	2.5	665,670	389,934
(c) Other current liabilities	2.6	11,006,887	9,036,733
TOTAL		**15,989,903**	**6,689,079**
II ASSETS			
1 Non-current Assets			
(a) Fixed Assets			
(i) Tangible assets	2.23	1,515,131	1,759,126
(b) Deferred tax assets (Net)	2.3	3,564,454	221,000
(c) Long-term loans and advances	2.7	7,495	11,508
2 Current Assets			
(a) Trade receivables	2.8	7,197,771	1,672,856
(b) Cash and cash equivalents	2.9	3,067,762	2,045,896
(c) Short-term loans and advances	2.10	637,289	978,692
TOTAL		**15,989,902**	**6,689,079**

Notes 2.1 to 2.10 and 2.23 form an integral part of Balance Sheet

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Bangalore
27th May 2013

Timmayya Hegde
Partner
M.No. 226267

Asif Khader
Director

Mueed Khader
Director

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2013 (Amount In Rupees)

PARTICULARS	Note No.	March 31, 2013	March 31, 2012
Income from Operations	2.11	18,281,153	17,874,703
Other Income	2.12	221,816	449,894
Total Revenue		**18,502,969**	**18,324,597**
Expenses :			
Cost of Components, licence and software	2.13	5,675,821	4,439,732
Employee benefits expense	2.14	10,109,633	11,367,547
Finance costs	-	108,813	37,480
Depreciation and amortisation expense	2.15	243,995	243,995
Other expenses	2.16	1,217,876	1,522,801
Total Expenses		**17,356,137**	**17,611,555**
Profit/(loss) before exceptional and extraordinary items and tax		**1,146,832**	**713,041**
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		**1,146,832**	**713,041**
Extraordinary Items		-	-
Profit before Tax		**1,146,832**	**713,041**
Tax expense:			
(1) Current tax			-
(2) Deferred tax		(3,343,454)	-
Income tax relating to earlier year		279,514	
Profit/(Loss) for the year from continuing operations		4,210,772	713,041
Profit/(Loss) for the period		**4,210,772**	**713,041**
Earnings per share:			
(1) Basic		35	6
(2) Diluted		35	6

Notes 2.11 to 2.16 Form an integral part of Profit and Loss Account

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Bangalore
27th May 2013

Timmayya Hegde
Partner
M.No. 226267

Asif Khader
Director

Mueed Khader
Director

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation of financial statements

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

Preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires management to make estimates & assumptions that affect the reported balance of assets & liabilities and disclosures relating to Contingent assets & liabilities as on the date of Financial Statement and reported amounts of Income & expenditure during the period. Actual results could differ from these estimates, differences if any between the actual results and estimates are recognized in the period in which the results are known or materialized.

Presentation and disclosure of financial statements during the year ended March 31, 2013 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Company for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

All the assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include classification of assets and liabilities into current and non-current, estimates of the economic useful lives of fixed assets, provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

3 Revenue Recognition

(i) Revenue from sale of products is recognized, in accordance with the sales contract, on delivery of goods to the Customer. Revenue from product sales are shown net of taxes.

(ii) Revenue on Software Development services comprises revenue priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.

(iii) Revenue from Technical Service, Training, support and other services is recognized as the related services are performed over the duration of the contract / course.

(iv) Dividend is recognized when the right to receive the dividend is established at the balance sheet date.

4 Fixed Assets and Capital Work-in-progress

(i) Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.

(ii) Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date the fixed asset is ready for its intended use, is capitalized.

5 Intangible Assets

(i) All intangible assets are stated at cost less accumulated amortization.

(ii) The cost of acquired intangible assets is the consideration paid for acquisition and other incidental costs incurred to bring the intangible asset for its intended use.

(iii) Internally generated intangible assets are valued at cost which were incurred during the development phase of intangibles which comprises of expenditure on materials and services used or consumed, salaries and other employment related cost of personnel engaged in development of intangible asset, other direct expenditures and overheads that are necessary for the generation of the intangible asset and that can be allocated on a reasonable basis.

(iv) Interest on borrowed money allocated to and utilized for intangible assets, pertaining to the period up to the date the intangible asset is ready for its intended use, is capitalized in accordance with Accounting Standard-16.

(v) Amount paid towards the acquisition of intangible assets, which is not put to use as at reporting date and the cost of intangible assets not ready for its intended use before such date is disclosed under Capital Work-in-progress.

6 Depreciation and Amortization

(i) Depreciation has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.

(ii) The Management estimates the useful life of Customized software/commercial rights procured for specific application as 3 years and accordingly amortizes over their estimated usefull 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 assets in on the revalued amount prospectively over the remaining useful life of the asset.

7 Impairment of Assets

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

8 Inventories

The Companies Inventories comprises of raw material, Work in progress and finished hardware products which are valued at cost or net realizable value, whichever is lower. The cost formula used is specific identification 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.

9 Effect of Exchange Fluctuation on foreign currency transactions

(i) Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.

(ii) Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.

(iii) Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

(iv) Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recognized in the statement of profit and loss.

(v) Non - Monetary assets & liabilities are translated at the rate prevailing on the date of transaction.

(vi) Foreign currency translation differences relating to liabilities incurred for acquiring fixed assets are recognized in Statement of Profit and Loss.

10 Employee Benefits

(i) The short-term employee benefits such as salaries and paid leave is debited to expense as and when an employee has rendered services in exchange for these benefits.

11 Income Tax / Deferred Tax

(i) Current tax is calculated in accordance with the relevant tax regulations.

(ii) Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing difference originate. For this purpose the timing difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of profit and loss in the year of charge. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet dates.

(iii) Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

(iv) Advance taxes and provisions for current income taxes are presented in the balance sheet after 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.

12 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.

13 Earnings per Share

(i) Basic Earnings per share is calculated by dividing the net earnings available to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.

(ii) Diluted Earnings per share is calculated by dividing the net earnings available to existing and potential Equity Shareholders by aggregate of the weighted average number of Equity Shares considered for deriving basic earnings per share. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

14 **Leases**

(i) Lease arrangements where substantial risk and rewards incidental to ownership vests with the lessor, such leases are recognized as operating leases.

(ii) Lease payments under operating lease are recognized as an expense in the statement of profit and loss.

15 **Derivative Instruments and Hedge Accounting**

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 “Financial Instruments: Recognition and Measurement” (AS-30).

The use of hedging instruments is governed by the Company’s policies approved by the board of directors, which provide written principles on the use of such financial derivatives consistent with the Company’s risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in shareholders’ funds and the ineffective portion is recognized immediately in the statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in shareholders’ funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholders’ funds is transferred to the statement of profit and loss for the period.

However, the company has no outstanding hedged transaction nor entered into any hedging transaction during the year.

NOTES ON ACCOUNTS

FOR THE YEAR ENDED MARCH 31, 2013

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

2.1 SHARE CAPITAL

a) Break-up of Shares (Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
AUTHORISED		
2,00,000 Equity Shares of Rs. 10/- each	2,000,000	2,000,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
1,20,000 Equity Shares of Rs. 10/- each fully paid up	1,200,000	1,200,000
TOTAL	**1,200,000**	**1,200,000**

The Company has only one class of shares referred to as equity shares having a par value of Rs.10. Each holder of equity shares is entitled to one vote per share held.

The Company declares and pays dividend in Indian rupees. The Board of Directors have not proposed any dividend during the year. Dividend declared if any, if approved by the Shareholders, is payable to the shareholders in proportion to their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Reconciliation of number of Shares (Amount in Rupees)

Equity Shares	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	1,20,000	1,200,000	1,20,000	1,200,000
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	**1,20,000**	**1,200,000**	**-**	**1,200,000**

Neither shares are reserved for issue under options nor securities have been issued, which are convertible into equity / preference shares in future as on the date of balance sheet.

c) Details of Shares held by shareholders, holding more than 5% of the aggregate shares in the Company.

(Amount in Rupees)

Name of the Share Holder	As at 31-3-2013		As at 31-3-2013	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Cranes Software International Limited	1,20,000	100%	1,20,000	100%

2.2 RESERVES AND SURPLUS

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	As at 31.3.2012
(a) Surplus in Statement of Profit and Loss		
Opening balance	(10,159,467)	(10,872,509)
Profit for the year	4,210,772	713,041
Amount available for appropriation	(5,948,695)	(10,159,467)
Balance as at the end of the year	**(5,948,695)**	**(10,159,467)**

2.3 DEFERRED TAXES LIABILITY (NET)

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Deferred Tax Asset	3,564,454	221,000
TOTAL	**3,564,454**	**221,000**

2.4 LONG TERM PROVISIONS

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Gratuity obligation	1,170,684	1,170,684
Accrued Leave Liability	431,908	431,908
TOTAL	**1,602,592**	**1,602,592**

2.5 SHORT TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Unsecured		
Loan From Related Parties	7,463,448	4,619,287
TOTAL	**7,463,448**	**4,619,287**
Trade payables	665,670	389,934
TOTAL	**665,670**	**389,934**
Refer Note: (Reg. Micro, Small and Medium Enterprises)		

2.6 OTHER CURRENT LIABILITIES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Current maturities of Long term debt :		
Statutory dues (Including Provident Fund, Withholding and other taxes payable)	3,745,779	2,038,233
Employee related liabilities	6,741,912	6,743,322
Advance received from customers	519,196	255,178
TOTAL	**11,006,887**	**9,036,733**

2.7 LONG TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
(Unsecured, considered good)		
Security Deposits	7,495	11,508
TOTAL	**7,495**	**11,508**

2.8 TRADE RECEIVABLES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	163,304	1,672,856
From Related Party	2,461,750	
From Others	4,572,718	-
TOTAL	**7,197,771**	**1,672,856**

2.9 CASH AND BANK BALANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Cash and Cash equivalents		
Cash on hand	16,048	7,978
Bank balances :		
In Current Account	705,489	402,818
In Deposit Account (Margin Money)	2,346,225	1,635,100
TOTAL	**3,067,762**	**2,045,896**

2.10 SHORT TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Unsecured, considered good		
Advance Income Tax (Net of Provision)	631,660	978,692
Other Advances	5,629	-
TOTAL	**637,289**	**978,692**

2.11 INCOME FROM OPERATION

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
(a) Sale of hardware (Domestic)	14,001,835	12,112,720
(b) Export sales	1,256,806	2,857,608
(c) Software Consultancy	3,022,512	2,904,375
TOTAL	**18,281,153**	**17,874,703**

2.12 OTHER INCOME

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
(a) Interest received from FD	144,429	160,224
(b) Miscellaneous income	77,387	289,670
TOTAL	**221,816**	**449,894**

2.13 COST OF COMPONENTS, LICENCE AND SOFTWARE

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Components for Projects	3,998,655	3,354,307
Assembling Charges	753,274	311,541
Design Charges	553,024	355,414
Customs and Freight	370,868	418,470
TOTAL	**5,675,821**	**4,439,732**

2.14 EMPLOYEE BENEFIT EXPENSES

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Salaries, Wages and Bonus	9,754,099	10,640,733
Contribution to Provident and other funds	323,429	637,063
Staff welfare expenses	32,105	89,751
TOTAL	**10,109,633**	**11,367,547**

2.15 DEPRECIATION AND AMORTISATION EXPENSES

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Depreciation on tangible assets	243,995	243,995
Amortisation on Intangible assets	-	-
TOTAL	**243,995**	**243,995**

2.16 OTHER EXPENSES

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Repairs and Maintenance - Others	1,100	368,546
Rates and Taxes	48,021	31,200
Travelling and Conveyance	222,273	318,524
Statutory Auditors : Audit fees	39,326	35,000
Professional charges	55,000	136,740
Postage and Courier	6,087	10,061
Exchange Loss	3,437	85,370
Printing and Stationary	20,074	28,222
Telephone Expenses	44,065	81,579
Marketing Expenses	13,575	22,071
Bad Debts Written off	-	-
Miscellaneous expenses	764,918	405,488
TOTAL	**1,217,876**	**1,522,801**

2.17 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Claims against the Company not acknowledged as debts		
(a) Guarantees and Counter Guarantee	1,635,100	1,635,100
TOTAL	**1,635,100**	**1,635,100**

2.18 CIF VALUE OF IMPORTS

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Components and spare parts	685,661	685,661
TOTAL	**685,661**	**685,661**

2.19 EARNINGS IN FOREIGN CURRENCY

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Revenue from exports on FOB basis	2,857,608	2,857,608
TOTAL	**2,857,608**	**2,857,608**

2.20 EARNINGS PER SHARE

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013		For the year 31.3.2012	
	Basic Extraordinary Item	After Extraordinary Items	Basic Extraordinary Items	After Extraordinary Items
(a) Basic / Diluted				
Profit / (loss) after tax	4,210,772	4,210,772	713,041	713,041
Weighted average number of shares outstanding	120,000	120,000	120,000	120,000
Basic EPS	35.09	35.09	5.94	5.94
Face value per share	10	10	10	10

OTHER DISCLOSURES

2.21 RELATED PARTY TRANSACTIONS

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013		For the year 31.3.2012	
	Holding Company	Other Related Parties	Holding Company	Other Related Parties
Loans / advances / equity contribution taken	19,845,872	-	6,375,058	420,650
Loans / advances / equity contribution given	16,581,060	-	-	-
Trade Receivables	2,461,750	-	2,483,214	32,067
Balance as on 31.03.13 payable	**9,925,199**	**-**	**8,090,479**	**388,583**

NAME OF THE RELATED PARTIES AND DESCRIPTION OF RELATIONSHIP

Holding Company	Cranes Software International Limited
Key Management Personnel	Mr. Asif Khader Mr. Mueed Khader
Other Related Parties	-

2.22 DUES TO MICRO AND SMALL ENTERPRISES

Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interst paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil

Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	Nil	Nil
Further Interest remaining due and payable for earlier years.	Nil	Nil

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Timmayya Hegde
Partner
M. No. 226267

Asif Khader
Director

Mueed Khader
Director

Bangalore
27th May 2013

ESQUBE COMMUNICATION SOLUTIONS PRIVATE LIMITED

FINANCIAL STATEMENTS 2012 - 2013

INDEPENDENT AUDITORS' REPORT

To
The Members of
Esqube Communication Solutions Private Limited,

We have audited the accompanying financial statements of **Esqube Communication Solutions Private Limited,** which comprise the Balance Sheet as at March 31st, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) 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

   c) the Balance sheet and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of acccount.

   d) in our opinion, the Balance Sheet and Statement of Profit and Loss, comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;

e) on verification of records and documents available with the company we report that all of the Directors have been disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

for **SETHIA PRABHAD HEGDE & CO**
Chartered Accountants
Firm Registration No. 013367S

Timmayya Hegde
Partner
Membership No.226267

Bangalore
27th May, 2013

ANNEXURE TO THE AUDITORS' REPORT

(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 Fixed Assets have not been physically verified by the management during the year but there is a regular program 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 Company has no inventory during the year and hence provisions of clause (ii) of Para (4) of Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

(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), (e), (f) and (g) are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system 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 weakness 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 into 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 in house 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, Employees' State Insurance, Service tax, Wealth-tax, Custom duty and Cess have generally been regularly deposited during the year by the Company with the appropriate authorities except in the below cases.

Name of the Statute	Nature of dues	Amount ot be deposited
Income Tax Act	Withholding Taxes	1,09,316
Service Tax	Service Tax	5,76,780

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Wealth Tax, Customs duty, Sales tax and Cess were in arrears as at 31st March 2013 for a period of more than six months from the date they became payable except in the below cases which is still due for payment:

Name of the Statute	Nature of dues	Amount ot be deposited
Income Tax Act	Withholding Taxes	1,09,316
Service Tax	Service Tax	5,14,829

(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 with the appropriate authorities which have not been deposited on account of any dispute.

(x) The Company has accumulated losses as at March 31, 2013. The Company has incurred cash losses in the financial year ended on that date and in the immediately preceding the 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 ans explanations 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 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 Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) The Company has not borrowed any term loan during the year and hence the provisions of clause 4 (xvi) of the said Order are not applicable.

(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 a Companies / firms / parties 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 during the year.

(xx) The Company has not raised any monies by way of public issue during the year.

(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 **Sethia Prabhad Hegde & Co**
Chartered Accountants
Firm Registration No. 013367S

Bangalore
May 27, 2013

Timmayya Hegde
Partner
Membership No. 226267

BALANCE SHEET

AS AT MARCH 31, 2013 (Amount In Rupees)

PARTICULARS	Note No.	March 31, 2013	March 31, 2012
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2.1	117,650	117,650
(b) Reserves and Surplus	2.2	(5,584,762)	(5,330,014)
Share application money pending allotment			
2 Non-Current liabilities			
(a) Long-term provisions	2.4	225,861	169,422
3 Current liabilities			
(a) Short-term borrowings	2.5	24,029,980	24,507,864
(b) Trade payables	2.5	805,351	776,065
(c) Other current liabilities	2.6	2,451,920	2,543,356
TOTAL		**22,046,001**	**22,784,343**
II ASSETS			
1 Non-current Assets			
(a) Fixed Assets			
(i) Tangible assets	2.21	-	223,231
(ii) Intangible assets	2.21	-	47,360
(iii) Capital work-in-progress		-	-
(b) Deferred tax assets (Net)	2.3	95,000	95,000
(c) Long-term loans and advances	2.7	10,000	11,000
(d) Other non-current assets	2.8	19,230,680	19,230,680
2 Current Assets			
(a) Trade receivables	2.9	2,267,023	2,710,193
(b) Cash and cash equivalents	2.10	66,445	35,983
(c) Short-term loans and advances	2.11	376,853	430,897
TOTAL		**22,046,001**	**22,784,343**
Notes 2.1 to 2.11 and 2.20 form an integral part of Balance Sheet			

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Bangalore
27th May 2013

Timmayya Hegde
Partner
M.No. 226267

Asif Khader
Director

Mueed Khader
Director

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2013 (Amount In Rupees)

PARTICULARS	Note No.	March 31, 2013	March 31, 2012
Income - Software Consultancy		1,323,155	1,129,400
Other Income	2.12	2,666	51,963
Total Revenue		**1,325,821**	**1,181,362**
Expenses :			
Cost of Interest subscription	2.13	362,809	355,299
Employee benefits expense	2.14	665,629	563,088
Depreciation and amortisation expense	2.15	270,591	782,945
Other expenses	2.16	290,880	147,177
Total Expenses		**1,589,909**	**1,848,508**
Profit/(loss) before exceptional and extraordinary items and tax		**(264,088)**	**(667,146)**
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		**(264,088)**	**(667,146)**
Extraordinary Items		-	-
Profit / (Loss) before Tax		**(264,088)**	**(667,146)**
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Mat Tax Credit		-	-
Profit/(Loss) for the year from continuing operations		**(264,088)**	**(667,146)**
Income tax relating to earlier year		(9,340)	-
Tax expense of discontinuing operations			
Profit / (Loss) from Discontinuing operations (after tax)			
Add: MAT credit entitlement			
Profit/(Loss) for the period		**(254,748)**	**(667,146)**
Earnings per share:			
(1) Basic		(22.45)	(57)
(2) Diluted		(22.45)	(57)
Notes 2.12 to 2.16 form an integral part of Profit and Loss Account			

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Bangalore
27th May 2013

Timmayya Hegde
Partner
M.No. 226267

Asif Khader
Director

Mueed Khader
Director

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation of financial statements

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

Preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires management to make estimates & assumptions that affect the reported balance of assets & liabilities and disclosures relating to Contingent assets & liabilities as on the date of Financial Statement and reported amounts of Income & expenditure during the period. Actual results could differ from these estimates, differences if any between the actual results and estimates are recognized in the period in which the results are known or materialized.

Presentation and disclosure of financial statements during the year ended March 31, 2013 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Company for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

All the assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon managements's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include classification of assets and liabilities into current and non-current, estimates of the economic useful lives of fixed assets, provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

3 Revenue Recognition

(i) Revenue from sale of products is recognized, in accordance with the sales contract, on delivery of goods to the Customer. Revenue from product sales are shown net of taxes.

(ii) Revenue on Software Development services comprises revenue priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.

(iii) Revenue from Technical Service, Training, support and other services is recognized as the related services are performed over the duration of the contract / course.

(iv) Dividend is recognized when the right to receive the dividend is established at the balance sheet date.

4 Fixed Assets and Capital Work-in-progress

(i) Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.

(ii) Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date the fixed asset is ready for its intended use, is capitalized.

5 **Intangible Assets**

(i) All intangible assets are stated at cost less accumulated amortization.

(ii) The cost of acquired intangible assets is the consideration paid for acquisition and other incidental costs incurred to bring the intangible asset for its intended use.

(iii) Internally generated intangible assets are valued at cost which were incurred during the development phase of intangibles which comprises of expenditure on materials and services used or consumed, salaries and other employment related cost of personnel engaged in development of intangible asset, other direct expenditures and overheads that are necessary for the generation of the intangible asset and that can be allocated on a reasonable basis.

(iv) Interest on borrowed money allocated to and utilized for intangible assets, pertaining to the period up to the date the intangible asset is ready for its intended use, is capitalized in accordance with Accounting Standard-16.

(v) Amount paid towards the acquisition of intangible assets, which is not put to use as at reporting date and the cost of intangible assets not ready for its intended use before such date is disclosed under Capital Work-in-progress.

6 **Depreciation and Amortization**

(i) Depreciation has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.

(ii) The Management estimates the useful life of Customized software/commercial rights procured for specific application as 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 in on the revalued amount prospectively over the remaining useful life of the asset.

7 **Impairment of Assets**

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

8 **Inventories**

The Companies Inventories comprises of raw material, Work in progress and finished hardware products which are valued at cost or net realizable value, whichever is lower. The cost formula used is specific identification 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.

9 **Effect of Exchange Fluctuation on foreign currency transactions**

(i) Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.

(ii) Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.

(iii) Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

(iv) Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recognized in the statement of profit and loss.

(v) Non - Monetary assets & liabilities are translated at the rate prevailing on the date of transaction.

(vi) Foreign currency translation differences relating to liabilities incurred for acquiring fixed assets are recognized in Statement of Profit and Loss.

10 Employee Benefits

(i) The short-term employee benefits such as salaries and paid leave is debited to expense as and when an employee has rendered services in exchange for these benefits.

11 Income Tax / Deferred Tax

(i) Current tax is calculated in accordance with the relevant tax regulations.

(ii) Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing difference originate. For this purpose the timing difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of profit and loss in the year of charge. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet dates.

(iii) Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liabliltiy, 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.

12 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 out flow 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.

13 Earnings per Share

(i) Basic Earnings per share is calculated by dividing the net earnings available to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.

(ii) Diluted Earnings per share is calculated by dividing the net earnings available to existing and potential Equity Shareholders by aggregate of the weighted average number of Equity Shares considered for deriving basic earnings per share. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

14 Leases

(i) Lease arrangements where substantial risk and rewards incidental to ownership vests with the lessor, such leases are recognized as operating leases.

(ii) Lease payments under operating lease are recognized as an expense in the statement of profit and loss.

15 Derivative Instruments and Hedge Accounting

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 “Financial Instruments: Recognition and Measurement” (AS-30).

The use of hedging instruments is governed by the Company’s policies approved by the board of directors, which provide written principles on the use of such financial derivatives consistent with the Company’s risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in shareholders’ funds and the ineffective portion is recognized immediately in the statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in shareholders’ funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholders’ funds is transferred to the statement of profit and loss for the period.

However, the company has no outstanding hedged transaction nor entered into any hedging transaction during the year.

NOTES ON ACCOUNTS

FOR THE YEAR ENDED MARCH 31, 2013

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

2.1 SHARE CAPITAL (Amount in Rupees)

a) Break-up of shares

PARTICULARS	As at 31.3.2013	At at 31.3.2012
AUTHORISED		
50,000 Equity Shares of Rs. 100/- each	500,000	500,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
11,765 Equity Shares of Rs. 10/- each fully paid up	117,650	117,650
TOTAL	**117,650**	**117,650**

The Company has only one class of shares referred to as equity shares having a par value of Rs.10. Each holder of equity shares is entitled to one vote per share held.

The Company declares and pays dividend in Indian rupees. The Board of Directors have not proposed any dividend during the year. Dividend declared if any, if approved by the Shareholders, is payable to the shareholders in proportion to their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Reconciliation of number of Shares (Amount in Rupees)

EQUITY SHARES	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	11,765	117,650	11,765	117,650
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	**11,765**	**117,650**	**11,765**	**117,650**

Neither shares are reserved for issue under options nor securities have been issued, which are convertible into equity / preference shares in future as on the date of balance sheet.

c) Details of Shares held by shareholders, holding more than 5% of the aggregate shares in the Company.

(Amount in Rupees)

NAME OF THE SHARE HOLDERS	As at 31-3-2013		As at 31-3-2012	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Cranes Software International Limited	8,941	76%	8,941	76%
K V S Hari	1,767	15%	1,767	15%
H S Jamadagni	717	6%	717	6%

2.2 RESERVES AND SURPLUS

(Amount in Rupees)

PARTICULARS		As at 31.3.2013	As at 31.3.2012
(a)	**Securities Premium account**		
	Opening balance	9,982,350	9,982,350
	Add: Receipt on issue of securities	-	-
	Balance as at the end of the year	**9,982,350**	**9,982,350**
(b)	**Surplus in Statement of Profit and Loss**		
	Opening balance	(15,312,364)	(14,645,218)
	Loss for the year	(254,748)	(667,146)
	Amount available for appropriation	(15,567,112)	(15,312,364)
	Balance as at the end of the year	**(15,567,112)**	**(15,312,364)**
	TOTAL	**(5,584,762)**	**(5,330,014)**

2.3 DEFERRED TAXES LIABILITY (NET)

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Deferred Tax Asset	95,000	95,000
TOTAL	**95,000**	**95,000**

2.4 LONG TERM PROVISIONS

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Gratuity obligation (Refer Note)	195,611	139,422
Leave Encashment	30,250	30,000
TOTAL	**225,861**	**169,422**

2.5 SHORT TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Unsecured		
(From related Parties)	24,029,980	24,507,864
TOTAL	**24,029,980**	**24,507,864**
Trade payables	805,351	776,065
TOTAL	**805,351**	**776,065**
Refer Note: (Reg. Micro, Small and Medium Enterprises)		

2.6 OTHER CURRENT LIABILITIES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Current maturities of Long term debt :		
Statutory dues (Including Provident Fund, Withholding and other taxes payable)	861,188	894,627
Other Payables	2,099	-
Employee related liabilities	1,588,634	1,587,638
Advance from customers	-	61,092
TOTAL	**2,451,920**	**2,543,356**

2.7 LONG TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
(Unsecured, considered good)		
Security Deposits	10,000	11,000
TOTAL	**10,000**	**11,000**

2.8 OTHER NON CURRENT ASSETS

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Unamortlzed expenses	19,230,680	19,230,680
TOTAL	**19,230,680**	**19,230,680**

2.9 TRADE RECEIVABLES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	1,792,967	1,853,033
Others	474,056	857,160
TOTAL	**2,267,023**	**2,710,193**

2.10 CASH AND BANK BALANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Bank balances :		
In Current Account	66,445	35,983
TOTAL	**66,445**	**35,983**

2.11 SHORT TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Unsecured, considered good		
Balances with group Companies	-	61,980
Advance income Tax (Net of Provision of Rs.)	376,853	367,878
Prepaid expenses	-	1,039
TOTAL	**376,853**	**430,897**

2.12 OTHER INCOME

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
(a) Miscellaneous income	2,666	51,963
TOTAL	**2,666**	**51,963**

2.13 COST OF INTERNET SUBSCRIPTION

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Internet and e-mail charges	362,809	355,299
TOTAL	**362,809**	**355,299**

2.14 EMPLOYEE BENEFIT EXPENSES

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Salaries, Wages and Bonus	625,131	525,622
Contribution to Provident and other funds	40,498	37,466
TOTAL	**665,629**	**563,088**
(Refer Note: on disclosure requirement as per Accounting Standard 15 on Employee benefits)		

2.15 DEPRECIATION AND AMORTISATION EXPENSES

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Depreciation on tangible assets	223,231	578,050
Amortisation on Intangible assets	47,360	204,895
TOTAL	**270,591**	**782,945**

2.16 OTHER EXPENSES

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Repairs and Maintenance - Others	-	2,553
Rates and Taxes	2,800	23,800
Statutory Auditors : Audit fees	15,000	15,000
Professional charges	15,000	48,700
Miscellaneous expenses	15,188	57,124
Sundry Balances written off	242,892	-
TOTAL	**290,880**	**147,177**

2.17 EARNINGS PER SHARE

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013		For the year 31.3.2012	
	Basic Extraordinary Item	After Extraordinary Items	Basic Extraordinary Items	After Extraordinary Items
(a) Basic / Diluted				
Profit / (loss) after tax	(264,088)	(264,088)	(667,146)	(667,146)
Weighted average number of shares outstanding	11,765	11,765	11,765	11,765
Basic EPS	(22)	(22)	(57)	(57)
Nominal value per share	10	10	10	10

OTHER DISCLOSURES

2.18 RELATED PARTY TRANSACTIONS

PARTICULARS	For the year 31.3.2013		For the year 31.3.2012	
	Holding Company	Other Related Parties	Holding Company	Other Related Parties
Loans / advances / equity contribution given	1,052,107	-	756,284	-
Loans / advances / equity contribution taken	780,093	-	613,810	-
Balance as on 31.03.13 receivable	**-**	**-**	**-**	**61,980**
Balance as on 31.03.13 payable	**23,478,500**	**-**	**23,750,514**	**205,870**

NAME OF THE RELATED PARTIES AND DESCRIPTION OF RELATIONSHIP

Holding Company	Cranes Software International Limited
Key Management Personnel	Mr. Asif Khader Mr. Mueed Khader
Other Related Parties	Systat Software Asia Pacific Ltd.

2.19 DUES TO MICRO AND SMALL ENTERPRISES

Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interst paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	Nil	Nil
Further interest remaining due and payable for earlier years.	Nil	Nil

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Timmayya Hegde
Partner
M. No. 226267

Asif Khader
Director

Mueed Khader
Director

Bangalore
27th May 2013

2.20 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	Cost of Assets As on 1-4-2012	Additions (Deletions)	Total As on 31-3-2013	Rate %	Upto 01-04-2012	For the Year	Total 31-03-2013	As on 31-03-2013	As on 31-03-2012
Computer Peripherals	3,566,008	-	3,566,008	16.21%	3,342,777	223,231	3,566,008	-	223,231
Software	1,264,004	-	1,264,004	16.21%	1,216,644	47,360	1,264,004	-	47,360
Total	**4,830,012**	**-**	**4,830,012**	**0**	**4,559,421**	**270,591**	**4,830,012**	**-**	**270,591**
Previous Year	4,830,012	-	4,830,012	0	3,776,476	782,945	4,559,421	270,591	1,053,537

PROLAND SOFTWARE PRIVATE LIMITED

FINANCIAL STATEMENTS
2012 - 2013

INDEPENDENT AUDITORS' REPORT

To
The Members of
Proland Software Private Limited,

We have audited the accompanying financial statements of **Proland Software Private Limited,** which comprise the Balance Sheet as at March 31st, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) 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

   c) the Balance sheet and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.

   d) in our opinion, the Balance Sheet and Statement of Profit and Loss, comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;

e) on verification of records and documents available with the company we report that all of the Directors have been disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

for **SETHIA PRABHAD HEGDE & CO**
Chartered Accountants
Firm Registration No. 013367S

Timmayya Hegde
Partner
Membership No.226267

Bangalore
27th May, 2013

ANNEXURE TO THE AUDITORS' REPORT
(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 Fixed Assets have not been physically verified by the management during the year but there is a regular program 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 Company has no inventory during the year and hence provisions of clause (ii) of Para (4) of Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

(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), (e), (f) and (g) are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system 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 weakness 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 into 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 in house 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, there have been delays and defaults in depositing of undisputed statutory dues including Employees' State Insurance, Income tax, Sales-tax and Profession Tax with the appropriate authorities. As of 31st March 2013, the following amounts are still to be deposited on account of statutory liabilities :

Name of the Statute	Nature of dues	Amount to be deposited
Commercial Taxes Act	Professional Tax	83,400
Employee State Insurance Act	ESI	59,951
Income Tax Act	Withholding Taxes	1,86,021
Sales Tax / Value Added Tax	Value Added Tax	37,138

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Customs duty Sales Tax and Cess were in arrears as at 31st March 2013 for a period of more than six months from the date they became payable except in the below case which is still due for payment:

Name of the Statute	Nature of dues	Amount to be deposited
Commercial Taxes Act	Professional Tax	80,400
Income Tax Act	Withholding Taxes	1,82,088
Sales Tax / Value Added Tax	Value Added Tax	20,084
Employee State Insurance Act	ESI	58,088

(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 with the appropriate authorities which have not been deposited on account of any dispute.

(x) The Company has incurred cash losses during the financial year and in the immediately preceding financial year. It's accumulated losses are more than 50% of its net worth at the end of the 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 explanations 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 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 Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) The Company has not borrowed any term loan during the year and hence the provisions of clause 4 (xvi) of the said Order are not applicable.

(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 a Companies / firms / parties 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 during the year.

(xx) The Company has not raised any monies by way of public issue during the year.

(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 **Sethia Prabhad Hegde & Co**
Chartered Accountants
Firm Registration No. 013367S

Bangalore
May 27, 2013

Timmayya Hegde
Partner
Membership No. 226267

BALANCE SHEET

AS AT MARCH 31, 2013 (Amount In Rupees)

PARTICULARS	Note No.	March 31, 2013	March 31, 2012
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2.1	484,000	484,000
(b) Reserves and Surplus	2.2	(6,693,541)	(5,746,355)
2 Non-Current liabilities			
(a) Deferred tax liabilities (Net)	2.3	165,906	165,906
3 Current liabilities			
(a) Short-term borrowings	2.4	4,141,218	11,866,698
(b) Trade payables	2.4	1,905,590	393,921
(c) Other current liabilities	2.5	1,326,635	1,233,542
TOTAL		**1,329,808**	**8,397,712**
II ASSETS			
1 Non-current Assets			
(a) Fixed Assets			
(i) Tangible assets	2.18	709,782	988,428
(ii) Intangible assets	2.18	410,289	440,596
2 Current Assets			
(a) Trade receivables	2.6	130,000	130,000
(b) Cash and cash equivalents	2.7	79,737	43,724
(c) Short-term loans and advances	2.8	-	6,794,964
TOTAL		**1,329,808**	**8,397,712**

Notes 2.1 to 2.8 and 2.18 form an integral part of Balance Sheet

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Bangalore
27th May 2013

Timmayya Hegde
Partner
M.No. 226267

Asif Khader
Director

Mueed Khader
Director

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2013 (Amount In Rupees)

PARTICULARS	Note No.	March 31, 2013	March 31, 2012
Income from sale of Software Product		2,550,007	1,684,484
Other Income		12,500	5,281
Total Revenue		**2,562,507**	**1,689,765**
Expenses :			
Cost of software licence and subscriptions & Purchase	2.9	2,080,832	1,914,297
Employee benefits expense	2.10	999,589	1,528,504
Depreciation and amortisation expense	2.11	308,953	308,953
Other expenses	2.12	120,320	203,935
Total Expenses		**3,509,694**	**3,955,689**
Profit before exceptional and extraordinary items and tax		**(947,186)**	**(2,265,924)**
Exceptional items		-	-
Profit before extraordinary items and tax		**(947,186)**	**(2,265,924)**
Extraordinary Items		-	-
Profit before Tax		**(947,186)**	**(2,265,924)**
Tax expense:			
(1) Current tax			-
(2) Deferred tax		-	(22,094)
Profit for the year from continuing operations		**(947,186)**	**(2,243,830)**
Profit for the period		**(947,186)**	**(2,243,830)**
Earnings per share:			
(1) Basic		(196)	(464)
(2) Diluted		(196)	(464)

Notes 2.9 to 2.12 Form an integral part of Profit and Loss Account

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Bangalore
27th May 2013

Timmayya Hegde
Partner
M.No. 226267

Asif Khader
Director

Mueed Khader
Director

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation of financial statements

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

Preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires management to make estimates & assumptions that affect the reported balance of assets & liabilities and disclosures relating to Contingent assets & liabilities as on the date of Financial Statement and reported amounts of Income & expenditure during the period. Actual results could differ from these estimates, differences if any between the actual results and estimates are recognized in the period in which the results are known or materialized.

Presentation and disclosure of financial statements during the year ended March 31, 2013 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Company for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

All the assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include classification of assets and liabilities into current and non-current, estimates of the economic useful lives of fixed assets, provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

3 Revenue Recognition

(i) Revenue from sale of products is recognized, in accordance with the sales contract, on delivery of goods to the Customer. Revenue from product sales are shown net of taxes.

(ii) Revenue on Software Development services comprises revenue priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.

(iii) Revenue from Technical Service, Training, support and other services is recognized as the related services are performed over the duration of the contract / course.

(iv) Dividend is recognized when the right to receive the dividend is established at the balance sheet date.

4 Fixed Assets and Capital Work-in-progress

(i) Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.

(ii) Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date the fixed asset is ready for its intended use, is capitalized.

5 **Intangible Assets**

(i) All intangible assets are stated at cost less accumulated amortization.

(ii) The cost of acquired intangible assets is the consideration paid for acquisition and other incidental costs incurred to bring the intangible asset for its intended use.

(iii) Internally generated intangible assets are valued at cost which were incurred during the development phase of intangibles which comprises of expenditure on materials and services used or consumed, salaries and other employment related cost of personnel engaged in development of intangible asset, other direct expenditures and overheads that are necessary for the generation of the intangible asset and that can be allocated on a reasonable basis.

(iv) Interest on borrowed money allocated to and utilized for intangible assets, pertaining to the period up to the date the intangible asset is ready for its intended use, is capitalized in accordance with Accounting Standard-16.

(v) Amount paid towards the acquisition of intangible assets, which is not put to use as at reporting date and the cost of intangible assets not ready for its intended use before such date is disclosed under Capital Work-in-progress.

6 **Depreciation and Amortization**

(i) Depreciation has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.

(ii) The Management estimates the useful life of Customized software/commercial rights procured for specific application as 3 years and accordingly amortizes over their estimated usefull 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 assets in on the revalued amount prospectively over the remaining useful life of the asset.

7 **Impairment of Assets**

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

8 **Inventories**

The Companies Inventories comprises of raw material, Work in progress and finished hardware products which are valued at cost or net realizable value, whichever is lower. The cost formula used is specific identification 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.

9 **Effect of Exchange Fluctuation on foreign currency transactions**

(i) Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.

(ii) Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.

(iii) Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

(iv) Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recognized in the statement of profit and loss.

(v) Non - Monetary assets & liabilities are translated at the rate prevailing on the date of transaction.

(vi) Foreign currency translation differences relating to liabilities incurred for acquiring fixed assets are recognized in Statement of Profit and Loss.

10 Employee Benefits

(i) The short-term employee benefits such as salaries and paid leave is debited to expense as and when an employee has rendered services in exchange for these benefits.

11 Income Tax / Deferred Tax

(i) Current tax is calculated in accordance with the relevant tax regulations.

(ii) Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing difference originate. For this purpose the timing difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of profit and loss in the year of charge. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet dates.

(iii) Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

(iv) Advance taxes and provisions for current income taxes are presented in the balance sheet after 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.

12 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.

13 Earnings per Share

(i) Basic Earnings per share is calculated by dividing the net earnings available to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.

(ii) Diluted Earnings per share is calculated by dividing the net earnings available to existing and potential Equity Shareholders by aggregate of the weighted average number of Equity Shares considered for deriving basic earnings per share. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

14 Leases

(i) Lease arrangements where substantial risk and rewards incidental to ownership vests with the lessor, such leases are recognized as operating leases.

(ii) Lease payments under operating lease are recognized as an expense in the statement of profit and loss.

15 Derivative Instruments and Hedge Accounting

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 “Financial Instruments: Recognition and Measurement” (AS-30).

The use of hedging instruments is governed by the Company’s policies approved by the board of directors, which provide written principles on the use of such financial derivatives consistent with the Company’s risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in shareholders’ funds and the ineffective portion is recognized immediately in the statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in shareholders’ funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholders’ funds is transferred to the statement of profit and loss for the period.

However, the company has no outstanding hedged transaction nor entered into any hedging transaction during the year.

NOTES ON ACCOUNTS

FOR THE YEAR ENDED MARCH 31, 2013

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

2.1 SHARE CAPITAL

a) Break-up of Shares (Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
AUTHORISED		
5,000 Equity Shares of Rs. 100/- each	500,000	500,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
48.40 Equity Shares of Rs. 100/- each fully paid up	484,000	484,000
TOTAL	**484,000**	**484,000**

The Company has only one class of shares referred to as equity shares having a par value of Rs.100. Each holder of equity shares is entitled to one vote per share held.

The Company declares and pays dividend in Indian rupees. The Board of Directors have not proposed any dividend during the year. Dividend declared if any, if approved by the Shareholders, is payable to the shareholders in proportion to their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Reconciliation of number of Shares (Amount in Rupees)

Equity Shares	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	4,840	484,000	4,840	484,000
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	**4,840**	**484,000**	**4,840**	**484,000**

Neither shares are reserved for issue under options nor securities have been issued, which are convertible into equity / preference shares in future as on the date of balance sheet.

c) Details of Shares held by shareholders, holding more than 5% of the aggregate shares in the Company.

(Amount in Rupees)

Name of the Share Holder	As at 31-3-2013		As at 31-3-2012	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Cranes Software International Limited	4,840	100%	4,840	100%

2.2 RESERVES AND SURPLUS

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	As at 31.3.2012
Surplus in Statement of Profit and Loss		
Opening balance	(5,746,355)	(3,502,524)
Loss for the year	(947,186)	(2,243,831)
Amount available for appropriation	(6,693,541)	(5,746,355)
Balance as at the end of the year	**(6,693,541)**	**(5,746,355)**

2.3 DEFERRED TAXES LIABILITY (NET)

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Attributable to Depreciation	109,333	165,906
TOTAL	**109,333**	**165,906**

2.4 SHORT TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Trades Payables		
From Related Party	1,273,440	-
From Others	632,150	393,921
TOTAL	**1,905,590**	**393,921**
Loan from Related parties	4,141,218	11,866,698
TOTAL	**6,046,808**	**12,260,619**
Refer Note: (Reg. Micro, Small and Medium Enterprises)		

2.5 OTHER CURRENT LIABILITIES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Current maturities of Long term debt :		
Statutory dues (Including Provident Fund, Withholding and other taxes payable)	371,378	192,151
Advance received from customers	6,079	-
Employee related liabilities	949,178	1,041,391
TOTAL	**1,326,635**	**1,233,542**

2.6 TRADE RECEIVABLES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	130,000	130,000
TOTAL	**130,000**	**130,000**

2.7 CASH AND BANK BALANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Bank balances :		
In Current Account	79,737	43,724
TOTAL	**79,737**	**43,724**

2.8 SHORT TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Unsecured, considered good		
Balances with group Companies	-	6,794,453
Advance Income Tax (Net of Provision)	-	511
TOTAL	**-**	**6,794,964**

2.9 COST OF SOFTWARE LICENCE AND SUBSCRIPTION & PURCHASE

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Membership, Subscriptions and Licenses	368,115	854,719
Purchase of software	1,207,052	-
Webhosting Charges	505,665	1,059,578
TOTAL	**2,080,832**	**1,914,297**

2.10 EMPLOYEE BENEFIT EXPENSES

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Salaries, Wages and Bonus	799,730	1,462,564
Contribution to Provident and other funds	199,859	65,940
TOTAL	**999,589**	**1,528,504**
(Refer Note: on disclosure requirement as per Accounting Standard 15 an Employee benefits)		

2.11 DEPRECIATION AND AMORTISATION EXPENSES

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Depreciation on tangible assets	278,648	278,649
Amortisation on Intangible assets	30,305	30,304
TOTAL	**308,953**	**308,953**

2.12 OTHER EXPENSES

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Rates and Taxes	811	14,015
Statutory Auditors : Audit fees	39,326	35,000
Professional charges	11,236	41,700
Miscellaneous expenses	68,947	113,220
TOTAL	**120,320**	**203,935**

2.13 EARNINGS IN FOREIGN CURRENCY

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Revenue from exports on FOB basis	1,032,849	1,842,301
TOTAL	**1,032,849**	**1,842,301**

2.14 EARNINGS PER SHARE

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013		For the year 31.3.2012	
	Basic Extraordinary Item	After Extraordinary Items	Basic Extraordinary Items	After Extraordinary Items
(a) Basic				
Profit / (loss) after tax	(947,186)	(947,186)	(2,243,831)	(2,243,831)
Weighted average number of shares outstanding	4,840	4,840	4,840	4,840
Basic EPS	(195.70)	(195.70)	(463.60)	(463.60)
Face value per share	100	100	100	100

OTHER DISCLOSURES

2.15 RELATED PARTY TRANSACTIONS (Amount in Rupees)

PARTICULARS	For the year 31.3.2013		For the year 31.3.2012	
	Holding Company	Other Related Parties	Holding Company	Other Related Parties
Loans / advances / equity contribution given	20,928,946	-	-	-
Loans / advances / equity contribution taken	15,729,377	-	2,331,325	-
Purchase	1,207,052	-	-	-
Balance as on 31.03.13 Receivable	**-**	**-**	**-**	**-**
Balance as on 31.03.13 Payable	**5,414,658**	**-**	**9,340,787**	**2,525,912**

2.16 DUES TO MICRO AND SMALL ENTERPRISES

Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interst paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	Nil	Nil
Further Interest remaining due and payable for earlier years.	Nil	Nil

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Timmayya Hegde
Partner
M. No. 226267

Asif Khader
Director

Mueed Khader
Director

Bangalore
27th May 2013

2.18 FIXED ASSETS

(Amount in Rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	Cost of Assets As on 1-4-2012	Additions (Deletions)	Total As on 31-3-2013	Rate %	Upto 01-04-2012	For the Year	Total 31-03-2013	As on 31-03-2013	As on 31-03-2012
Computers & Peripherals	8,124,521	-	8,124,521	16.21%	8,124,521	-	8,124,521	-	-
Furniture & Fixtures	1,112,714	-	1,112,714	6.33%	814,040	70,435	884,475	228,239	298,673
Office Equipments	421,233	-	421,233	4.75%	237,464	20,009	257,473	163,760	183,768
Vehicles	1,922,149	-	1,922,149	9.50%	1,461,261	182,604	1,643,865	278,284	460,888
Electrification	117,910	-	117,910	4.75%	72,811	5,601	78,412	39,498	45,099
Network / Webhost	638,000	-	638,000	4.75%	197,406	30,305	227,711	410,289	440,596
TOTAL	**12,336,527**	**-**	**12,336,527**	**-**	**10,907,503**	**308,953**	**11,216,456**	**1,120,071**	**1,429,024**
Previous Year	12,336,527	-	12,336,527	-	10,598,551	308,953	10,907,504	1,429,023	1,737,976

SYSTAT SOFTWARE ASIA PACIFIC LIMITED

FINANCIAL STATEMENTS
2012 - 2013

INDEPENDENT AUDITORS' REPORT

To
The Members of
Systat Software Asia Pacific Limited,

We have audited the accompanying financial statements of **Systat Software Asia Pacific Limited,** which comprise the Balance Sheet as at March 31st, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) 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

   c) the Balance sheet and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.

   d) in our opinion, the Balance Sheet and Statement of Profit and Loss, comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;

e) on verification of records and documents available with the company we report that all of the Directors have been disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

for **SETHIA PRABHAD HEGDE & CO**
Chartered Accountants
Firm Registration No. 013367S

Timmayya Hegde
Partner
Membership No.226267

Bangalore
27th May, 2013

ANNEXURE TO THE AUDITORS' REPORT

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

(i) (a) The Company has no fixed assets during the year and hence provision of clause (i) of Para (4) of Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

(ii) (a) The Company has no inventory during the year and hence provisions of clause (ii) of Para (4) of Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

(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), (e), (f) and (g) are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system 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 weakness 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 into 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 in house 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, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Wealth-tax, Custom duty and Cess have generally been regularly deposited during the year 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, Sales-tax, Service Tax, Wealth Tax, Customs Duty and Cess were in arrears as at 31st March 2013 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 with the appropriate authorities which have not been deposited on account of any dispute.

(x) The Company does not have any accumulated losses, as at March 31, 2013. The Company has incurred cash losses in the financial year ended on that date and in the immediately preceding the 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 explanations 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 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 Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) The Company has not borrowed any term loan during the year and hence the provisions of clause 4 (xvi) of the said Order are not applicable.

(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 a Companies / firms / parties 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 during the year.

(xx) The Company has not raised any monies by way of public issue during the year.

(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 **Sethia Prabhad Hegde & Co**
Chartered Accountants
Firm Registration No. 013367S

Bangalore
May 27, 2013

Timmayya Hegde
Partner
Membership No. 226267

BALANCE SHEET

AS AT MARCH 31, 2013

(Amount In Rupees)

PARTICULARS	Note No.	March 31, 2013	March 31, 2012
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2.1	3,800,000	3,800,000
(b) Reserves and Surplus	2.2	1,547,422	1,563,010
2 Non-Current liabilities			
(a) Deferred tax liabilities (Net)	2.3	51,535	51,535
3 Current liabilities			
(a) Short-term borrowings	2.4	-	4,284,824
(b) Trade payables	2.4	56,241	35,162
(c) Other current liabilities	2.5	1,654	18,542,078
TOTAL		**5,456,853**	**28,276,609**
II ASSETS			
1 Non-current Assets			
2 Current Assets			
(b) Cash and cash equivalents	2.6	65,637	58,529
(c) Short-term loans and advances	2.7	5,391,215	28,218,080
TOTAL		**5,456,853**	**28,276,609**

Notes 2.1 to 2.7 form an integral part of Balance Sheet

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Bangalore
27th May 2013

Timmayya Hegde
Partner
M.No. 226267

Asif Khader
Director

Mueed Khader
Director

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2013 (Amount In Rupees)

PARTICULARS	Note No.	March 31, 2013	March 31, 2012
Income		-	-
Total Revenue		**-**	**-**
Expenses :			
Finance costs		-	-
Other expenses	2.8	15,588	91,219
Total Expenses		**15,588**	**91,219**
Profit/(Loss) before exceptional and extraordinary items and tax		**(15,588)**	**(91,219)**
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		**(15,588)**	**(91,219)**
Extraordinary Items		-	-
Profit/(Loss) before Tax		**(15,588)**	**(91,219)**
Tax expense:			
Profit/(Loss) for the period		**(15,588)**	**(91,219)**
Earnings per share:			
(1) Basic		(0.04)	(0.24)
(2) Diluted		(0.04)	(0.24)
Notes 2.8 Form an integral part of Profit and Loss Account			

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Bangalore
27th May 2013

Timmayya Hegde
Partner
M.No. 226267

Asif Khader
Director

Mueed Khader
Director

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation of financial statements

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

Preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires management to make estimates & assumptions that affect the reported balance of assets & liabilities and disclosures relating to Contingent assets & liabilities as on the date of Financial Statement and reported amounts of Income & expenditure during the period. Actual results could differ from these estimates, differences if any between the actual results and estimates are recognized in the period in which the results are known or materialized.

Presentation and disclosure of financial statements during the year ended March 31, 2013 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Company for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

All the assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include classification of assets and liabilities into current and non-current, estimates of the economic useful lives of fixed assets, provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

3 Revenue Recognition

(i) Revenue from sale of products is recognized, in accordance with the sales contract, on delivery of goods to the Customer. Revenue from product sales are shown net of taxes.

(ii) Revenue on Software Development services comprises revenue priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.

(iii) Revenue from Technical Service, Training, support and other services is recognized as the related services are performed over the duration of the contract / course.

(iv) Dividend is recognized when the right to receive the dividend is established at the balance sheet date.

4 Fixed Assets and Capital Work-in-progress

(i) Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.

(ii) Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date the fixed asset is ready for its intended use, is capitalized.

5 **Intangible Assets**

(i) All intangible assets are stated at cost less accumulated amortization.

(ii) The cost of acquired intangible assets is the consideration paid for acquisition and other incidental costs incurred to bring the intangible asset for its intended use.

(iii) Internally generated intangible assets are valued at cost which were incurred during the development phase of intangibles which comprises of expenditure on materials and services used or consumed, salaries and other employment related cost of personnel engaged in development of intangible asset, other direct expenditures and overheads that are necessary for the generation of the intangible asset and that can be allocated on a reasonable basis.

(iv) Interest on borrowed money allocated to and utilized for intangible assets, pertaining to the period up to the date the intangible asset is ready for its intended use, is capitalized in accordance with Accounting Standard-16.

(v) Amount paid towards the acquisition of intangible assets, which is not put to use as at reporting date and the cost of intangible assets not ready for its intended use before such date is disclosed under Capital Work-in-progress.

6 **Depreciation and Amortization**

(i) Depreciation has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.

(ii) The Management estimates the useful life of Customized software/commercial rights procured for specific application as 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 in on the revalued amount prospectively over the remaining useful life of the asset.

7 **Impairment of Assets**

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

8 **Inventories**

The Companies Inventories comprises of raw material, Work in progress and finished hardware products which are valued at cost or net realizable value, whichever is lower. The cost formula used is specific identification 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.

9 **Effect of Exchange Fluctuation on foreign currency transactions**

(i) Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.

(ii) Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.

(iii) Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

(iv) Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recognized in the statement of profit and loss.

(v) Non - Monetary assets & liabilities are translated at the rate prevailing on the date of transaction.

(vi) Foreign currency translation differences relating to liabilities incurred for acquiring fixed assets are recognized in Statement of Profit and Loss.

10 Employee Benefits

(i) The short-term employee benefits such as salaries and paid leave is debited to expense as and when an employee has rendered services in exchange for these benefits.

11 Income Tax / Deferred Tax

(i) Current tax is calculated in accordance with the relevant tax regulations.

(ii) Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing difference originate. For this purpose the timing difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of profit and loss in the year of charge. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet dates.

(iii) Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

(iv) Advance taxes and provisions for current income taxes are presented in the balance sheet after 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.

12 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.

13 Earnings per Share

(i) Basic Earnings per share is calculated by dividing the net earnings available to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.

(ii) Diluted Earnings per share is calculated by dividing the net earnings available to existing and potential Equity Shareholders by aggregate of the weighted average number of Equity Shares considered for deriving basic earnings per share. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

14 Leases

(i) Lease arrangements where substantial risk and rewards incidental to ownership vests with the lessor, such leases are recognized as operating leases.

(ii) Lease payments under operating lease are recognized as an expense in the statement of profit and loss.

15 Derivative Instruments and Hedge Accounting

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS-30).

The use of hedging instruments is governed by the Company's policies approved by the board of directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in shareholders' funds and the ineffective portion is recognized immediately in the statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholders' funds is transferred to the statement of profit and loss for the period.

However, the company has no outstanding hedged transaction nor entered into any hedging transaction during the year.

NOTES ON ACCOUNTS

FOR THE YEAR ENDED MARCH 31, 2013

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

2.1 SHARE CAPITAL

a) Break-up of Shares (Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
AUTHORISED		
5,00,000 Equity Shares of Rs. 10/- each	5,000,000	5,000,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
3,80,000 Equity Shares of Rs. 10/- each fully paid up	3,800,000	3,800,000
TOTAL	**3,800,000**	**3,800,000**

The Company has only one class of shares referred to as equity shares having a par value of Rs.10. Each holder of equity shares is entitled to one vote per share held.

The Company declares and pays dividend in Indian rupees. The Board of Directors have not proposed any dividend during the year. Dividend declared if any, if approved by the Shareholders, is payable to the shareholders in proportion to their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Reconciliation of number of Shares (Amount in Rupees)

Equity Shares	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	380,000	3,800,000	380,000	3,800,000
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	**380,000**	**3,800,000**	**380,000**	**3,800,000**

Neither shares are reserved for issue under options nor securities have been issued, which are convertible into equity / preference shares in future as on the date of balance sheet.

c) Details of Shares held by shareholders, holding more than 5% of the aggregate shares in the Company.

(Amount in Rupees)

Name of the Share Holder	As at 31-3-2013		As at 31-3-2012	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Cranes Software International Limited	380,000	100%	380,000	100%

2.2 RESERVES AND SURPLUS

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	As at 31.3.2012
Surplus in Statement of Profit and Loss		
Opening balance	1,563,010	1,654,229
Profit/(Loss) for the year	(15,588)	(91,219)
Amount available for appropriation	1,547,422	1,563,010
Balance as at the end of the year	1,547,422	1,563,010

2.3 DEFERRED TAXES LIABILITY (NET)

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Deferred Tax Liability (Attributable to Depreciation)	51,535	51,535
TOTAL	**51,535**	**51,535**

2.4 SHORT TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Secured		
From Group Companies	-	4,284,824
TOTAL	**-**	**4,284,824**
Trades Payables	56,241	35,162
TOTAL	**56,241**	**35,162**
Refer Note: (Reg. Micro, Small and Medium Enterprises)		

2.5 OTHER CURRENT LIABILITIES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Current maturities of Long term debt :		
Statutory dues (Including Provident Fund, Withholding and other taxes payable)	1,654	1,654
Other payables	-	11,249,670
Advance received	1,654	7,290,754
TOTAL	**1,654**	**18,542,078**

2.6 CASH AND BANK BALANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Bank balances :		
In Current Account	65,637	58,529
TOTAL	**65,637**	**58,529**

2.7 SHORT TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Unsecured, considered good		
Balances with group Companies	5,391,215	2,718,080
Other Advances	-	25,500,000
TOTAL	**5,391,215**	**28,218,080**

2.8 OTHER EXPENSES

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Rates and Taxes	-	27,500
Statutory Auditors : Audit fees	15,000	15,000
Professional charges	-	50,600
Miscellaneous expenses	588	(1,881)
TOTAL	**15,588**	**91,219**

2.9 EARNINGS PER SHARE

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013		For the year 31.3.2012	
	Basic Extraordinary Item	After Extraordinary Items	Basic Extraordinary Items	After Extraordinary Items
(a) Basic				
Profit / (loss) after tax	(15,588)	(15,588)	(91,219)	(91,219)
Weighted average number of shares outstanding	380,000	380,000	380,000	380,000
Basic EPS	(0.04)	(0.04)	(0.24)	(0.24)

OTHER DISCLOSURES

2.10 RELATED PARTY TRANSACTIONS

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013		For the year 31.3.2012	
	Holding Company	Other Related Parties	Holding Company	Other Related Parties
Loans / advances / equity contribution given	24,875,012	-	56,342,206	50,000
Loans / advances / equity contribution taken	32,551,051	-	42,550,785	-
Balance as on 31.03.13 Receivable	**5,391,215**	**-**	**-**	**2,718,080**
Balance as on 31.03.13 Payable	**-**	**-**	**2,284,824**	**450,458**

NAME OF THE RELATED PARTIES AND DESCRIPTION OF RELATIONSHIP

Holding Company	Cranes Software International Limited
Key Management Personnel	Mr. Asif Khader Mr. Mueed Khader
Other Related Parties	Proland Software Private Limited Systat Software Inc Esqube Communication Solutions Pvt. Ltd. Cranes Software UK Ltd.

2.11 DUES TO MICRO AND SMALL ENTERPRISES

Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	Nil	Nil
Further Interest remaining due and payable for earlier years.	Nil	Nil

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Timmayya Hegde
Partner
M. No. 226267

Asif Khader
Director

Mueed Khader
Director

Bangalore
27th May 2013

TILAK AUTO TECH PRIVATE LIMITED

FINANCIAL STATEMENTS
2012 - 2013

INDEPENDENT AUDITORS' REPORT

To
The Members of
Tilak Auto Tech Private Limited,

We have audited the accompanying financial statements of **Tilak Auto Tech Private Limited,** which comprise the Balance Sheet as at March 31st, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) 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

   c) the Balance sheet and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.

   d) in our opinion, the Balance Sheet and Statement of Profit and Loss, comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;

e) on verification of records and documents available with the company we report that all of the Directors have been disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

for **SETHIA PRABHAD HEGDE & CO**
Chartered Accountants
Firm Registration No. 013367S

Timmayya Hegde
Partner
Membership No.226267

Bangalore
27th May, 2013

ANNEXURE TO THE AUDITORS' REPORT
(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 Fixed Assets have not been physically verified by the management during the year but there is a regular program 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 Company has no inventory during the year and hence provisions of clause (ii) of Para (4) of Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

(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), (e), (f) and (g) are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system 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 weakness 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 into 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 in house 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, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Wealth-tax, Custom duty and Cess have generally been regularly deposited during the year by the Company with the appropriate authorities, except Profession Tax of Rs. 11,825 and TDS of Rs. 8,612, which is still due for payment.

(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, Sales Tax, Wealth Tax, Service Tax, Customs duty and Cess were in arrears as at 31st March 2013 for a period of more than six months from the date they became payable, except TDS of Rs. 8,612, which is still due for payment:

(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 with the appropriate authorities which have not been deposited on account of any dispute.

(x) The Company has accumulated losses, as at March 31, 2013. The Company has incurred cash losses in the financial year ended on that date and in the immediately preceding the 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 explanations 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 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 Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) The Company has not borrowed any term loan during the year and hence the provisions of clause 4 (xvi) of the said Order are not applicable.

(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 a Companies / firms / parties 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 during the year.

(xx) The Company has not raised any monies by way of public issue during the year.

(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 **Sethia Prabhad Hegde & Co**
Chartered Accountants
Firm Registration No. 013367S

Bangalore
May 27, 2013

Timmayya Hegde
Partner
Membership No. 226267

BALANCE SHEET

AS AT MARCH 31, 2013 (Amount In Rupees)

PARTICULARS	Note No.	March 31, 2013	March 31, 2012
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2.1	100,000	100,000
(b) Reserves and Surplus	2.2	(18,114,538)	(18,060,516)
Share application money pending allotment			
2 Non-Current liabilities			
(a) Deferred tax liabilities (Net)	2.3	20,181	20,181
3 Current liabilities			
(a) Short-term borrowings	2.4	20,189,041	20,189,041
(b) Trade payables	2.4	31,136	35,989
(c) Other current liabilities	2.5	111,333	111,333
TOTAL		**2,337,153**	**2,396,027**
II ASSETS			
1 Non-current Assets			
(a) Fixed Assets			
(i) Tangible assets	2.15	155,544	168,178
(ii) Intangible assets	2.15	7,291	20,678
(b) Long-term loans and advances	2.6	620,000	620,000
2 Current Assets			
(a) Trade receivables	2.7	181,058	181,058
(b) Cash and cash equivalents	2.8	14,161	47,015
(c) Short-term loans and advances	2.9	1,359,099	1,359,099
TOTAL		**2,337,153**	**2,396,027**

Notes 2.1 to 2.9 and 2.14 form an integral part of Balance Sheet

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Bangalore
27th May 2013

Timmayya Hegde
Partner
M.No. 226267

Asif Khader
Director

Mueed Khader
Director

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2013 (Amount In Rupees)

PARTICULARS	Note No.	March 31, 2013	March 31, 2012
Income from Operations		-	
Other Income			
Total Revenue		**-**	**-**
Expenses :			
Cost of goods sold		-	-
Employee benefits expense	2.10	-	-
Depreciation and amortisation expense		26,021	33,058
Other expenses	2.11	28,000	770,918
Total Expenses		**54,021**	**803,976**
Profit before exceptional and extraordinary items and tax		**(54,021)**	**(803,976)**
Exceptional items		-	-
Profit before extraordinary items and tax		**(54,021)**	**(803,976)**
Extraordinary Items		-	-
Profit before Tax		**(54,021)**	**(803,976)**
Tax expense:			
(1) Deferred tax		-	-
Profit for the period		**(54,021)**	**(803,976)**
Earnings per share:			
(1) Basic		(54.02)	(166)
(2) Diluted		(54.02)	(166)
Notes 2.10 and 2.11 Form an integral part of Profit and Loss Account			

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Bangalore
27th May 2013

Timmayya Hegde
Partner
M.No. 226267

Asif Khader
Director

Mueed Khader
Director

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation of financial statements

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

Preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires management to make estimates & assumptions that affect the reported balance of assets & liabilities and disclosures relating to Contingent assets & liabilities as on the date of Financial Statement and reported amounts of Income & expenditure during the period. Actual results could differ from these estimates, differences if any between the actual results and estimates are recognized in the period in which the results are known or materialized.

Presentation and disclosure of financial statements during the year ended March 31, 2013 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Company for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

All the assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon managements's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include classification of assets and liabilities into current and non-current, estimates of the economic useful lives of fixed assets, provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

3 Revenue Recognition

(i) Revenue from sale of products is recognized, in accordance with the sales contract, on delivery of goods to the Customer. Revenue from product sales are shown net of taxes.

(ii) Revenue on Software Development services comprises revenue priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.

(iii) Revenue from Technical Service, Training, support and other services is recognized as the related services are performed over the duration of the contract / course.

(iv) Dividend is recognized when the right to receive the dividend is established at the balance sheet date.

4 Fixed Assets and Capital Work-in-progress

(i) Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.

(ii) Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date the fixed asset is ready for its intended use, is capitalized.

5 **Intangible Assets**

(i) All intangible assets are stated at cost less accumulated amortization.

(ii) The cost of acquired intangible assets is the consideration paid for acquisition and other incidental costs incurred to bring the intangible asset for its intended use.

(iii) Internally generated intangible assets are valued at cost which were incurred during the development phase of intangibles which comprises of expenditure on materials and services used or consumed, salaries and other employment related cost of personnel engaged in development of intangible asset, other direct expenditures and overheads that are necessary for the generation of the intangible asset and that can be allocated on a reasonable basis.

(iv) Interest on borrowed money allocated to and utilized for intangible assets, pertaining to the period up to the date the intangible asset is ready for its intended use, is capitalized in accordance with Accounting Standard-16.

(v) Amount paid towards the acquisition of intangible assets, which is not put to use as at reporting date and the cost of intangible assets not ready for its intended use before such date is disclosed under Capital Work-in-progress.

6 **Depreciation and Amortization**

(i) Depreciation has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.

(ii) The Management estimates the useful life of Customized software/commercial rights procured for specific application as 3 years and accordingly amortizes over their estimated usefull 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 in on the revalued amount prospectively over the remaining useful life of the asset.

7 **Impairment of Assets**

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

8 **Inventories**

The Companies Inventories comprises of raw material, Work in progress and finished hardware products which are valued at cost or net realizable value, whichever is lower. The cost formula used is specific identification 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.

9 **Effect of Exchange Fluctuation on foreign currency transactions**

(i) Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.

(ii) Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.

(iii) Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

(iv) Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recognized in the statement of profit and loss.

(v) Non - Monetary assets & liabilities are translated at the rate prevailing on the date of transaction.

(vi) Foreign currency translation differences relating to liabilities incurred for acquiring fixed assets are recognized in Statement of Profit and Loss.

10 Employee Benefits

(i) The short-term employee benefits such as salaries and paid leave is debited to expense as and when an employee has rendered services in exchange for these benefits.

11 Income Tax / Deferred Tax

(i) Current tax is calculated in accordance with the relevant tax regulations.

(ii) Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing difference originate. For this purpose the timing difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of profit and loss in the year of charge. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet dates.

(iii) Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liabliltiy, 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.

12 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 out flow 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.

13 Earnings per Share

(i) Basic Earnings per share is calculated by dividing the net earnings available to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.

(ii) Diluted Earnings per share is calculated by dividing the net earnings available to existing and potential Equity Shareholders by aggregate of the weighted average number of Equity Shares considered for deriving basic earnings per share. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

14 Leases

(i) Lease arrangements where substantial risk and rewards incidental to ownership vests with the lessor, such leases are recognized as operating leases.

(ii) Lease payments under operating lease are recognized as an expense in the statement of profit and loss.

15 Derivative Instruments and Hedge Accounting

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 “Financial Instruments: Recognition and Measurement” (AS-30).

The use of hedging instruments is governed by the Company’s policies approved by the board of directors, which provide written principles on the use of such financial derivatives consistent with the Company’s risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in shareholders’ funds and the ineffective portion is recognized immediately in the statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in shareholders’ funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholders’ funds is transferred to the statement of profit and loss for the period.

However, the company has no outstanding hedged transaction nor entered into any hedging transaction during the year.

NOTES ON ACCOUNTS

FOR THE YEAR ENDED MARCH 31, 2013

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

2.1 SHARE CAPITAL (Amount in Rupees)

(a) Break-up of Shares

PARTICULARS	As at 31.3.2013	At at 31.3.2012
AUTHORISED		
5,000 Equity Shares of Rs. 100/- each	500,000	500,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
1000 Equity Shares of Rs. 100/- each fully paid up	100,000	100,000
TOTAL	**100,000**	**100,000**

The Company has only one class of shares referred to as equity shares having a par value of Rs.100. Each holder of equity shares is entitled to one vote per share held.

The Company declares and pays dividend in Indian rupees. The Board of Directors have not proposed any dividend during the year. Dividend declared if any, if approved by the Shareholders, is payable to the shareholders in proportion to their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of number of Shares (Amount in Rupees)

EQUITY SHARES	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the previous year	1,000	100,000	1,000	100,000
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	**1,000**	**100,000**	**1,000**	**100,000**

Neither shares are reserved for issue under options nor securities have been issued, which are convertible into equity / preference shares in future as on the date of balance sheet.

(c) Details of Shares held by shareholders, holding more than 5% of the aggregate shares in the Company.

(Amount in Rupees)

NAME OF THE SHARE HOLDER	As at 31.3.2013		As at 31.3.2012	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Cranes Software International Limited	1,000	100%	1,000	100%

2.2 RESERVES AND SURPLUS

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	As at 31.3.2012
(a) Surplus in Statement of Profit and Loss		
Opening balance	(18,060,516)	(17,256,540)
Loss for the year	(54,021)	(803,976)
Amount available for appropriation	(18,114,538)	(18,060,516)
Balance as at the end of the year	**(18,114,538)**	**(18,060,516)**

2.3 DEFERRED TAXES LIABILITY (NET)

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Deferred Tax Liability		
Attributable to Depreciation	20,181	20,181
TOTAL	**20,181**	**20,181**

2.4 SHORT TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Unsecured		
(Loan from Related Parties)	20,189,041	20,189,041
TOTAL	**20,189,041**	**20,189,041**
Trade payables	31,135	35,989
TOTAL	**31,135**	**35,989**
Refer Note: (Reg. Micro, Small and Medium Enterprises)		

2.5 OTHER CURRENT LIABILITIES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Current maturities of Long term debt :		
Statutory dues (Including Provident Fund, Withholding and other taxes payable)	72,033	72,033
Advance received from customers	39,300	39,300
TOTAL	**111,333**	**111,333**

2.6 LONG TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
(Unsecured, considered good)		
EMD	440,000	440,000
Rent Deposit	180,000	180,000
TOTAL	**620,000**	**620,000**

2.7 TRADE RECEIVABLES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	181,058	181,058
TOTAL	**181,058**	**181,058**

2.8 CASH AND BANK BALANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Cash and Cash equivalents		
Cash on hand	1,790	1,790
Bank balances :		
In Current Account	12,371	45,225
TOTAL	**14,161**	**47,015**

2.9 SHORT TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	At at 31.3.2012
Unsecured, considered good		
Balances with group Companies		
Balances with Customs, Central Excise, VAT etc.	215,489	215,489
Advance income Tax (Net of Provision)	1,143,610	1,143,610
Other Advances	-	-
TOTAL	**1,359,099**	**1,359,099**

2.10 EMPLOYEE BENEFIT EXPENSES

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Salaries, Wages and Bonus	-	-
Staff welfare expenses	-	-
TOTAL	**-**	**-**
(Refer Note: on disclosure requirement as per Accounting Standard 15 on Employee benefits)		

2.11 OTHER EXPENSES

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013	For the year 31.3.2012
Repairs and Maintenance - Others	-	63,115
Rates and Taxes	-	7,800
Travelling and Conveyance	-	-
Statutory Auditors : Audit fees	15,000	15,000
Professional charges	-	311,700
Rent	13,000	314,188
Telephone Expenses	-	-
Bad Debts written off	-	-
Prior Period Expenses	-	28,284
Miscellaneous expenses	-	30,832
TOTAL	**28,000**	**770,918**

2.12 EARNINGS PER SHARE

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013		For the year 31.3.2012	
	Basic Extraordinary Item	After Extraordinary Items	Basic Extraordinary Items	After Extraordinary Items
(a) Basic				
Profit / (loss) after tax	(54,021)	(54,021)	(803,976)	(803,976)
Weighted average number of shares outstanding	1,000	1,000	1,000	1,000
Basic EPS	(54)	(54)	(804)	(804)
(b) Diluted				
Profit / (loss) after tax	(54,021)	(54,021)	(803,976)	(803,976)
Adjusted net profit for the year	(54,021)	(54,021)	(803,976)	(803,976)
Weighted average number of shares outstanding	1,000	1,000	1,000	1,000
Add : Weighted average number of potential equity shares	-	-	-	-
Weighted average number of shares outstanding for diluted EPS	1,000	1,000	1,000	1,000
Diluted EPS	(54)	(54)	(804)	(804)
Face value per share				

OTHER DISCLOSURES

2.13 RELATED PARTY TRANSACTIONS

(Amount in Rupees)

PARTICULARS	For the year 31.3.2013		For the year 31.3.2012	
	Holding Company	Other Related Parties	Holding Company	Other Related Parties
Loans / advances / equity contribution given	-	-	-	-
Loans / advances / equity contribution taken	-	-	659,103	-
Balance as on 31.03.13 receivable				
Balance as on 31.03.13 payable	**20,189,041**	**-**	**20,189,041**	**-**

NAME OF THE RELATED PARTIES AND DESCRIPTION OF RELATIONSHIP

Holding Company	Cranes Software International Limited
Key Management Personnel	Mr. Asif Khader Mr. Mueed Khader

2.14 DUES TO MICRO AND SMALL ENTERPRISES

Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interst paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	Nil	Nil
Further Interest remaining due and payable for earlier years.	Nil	Nil

As per our report of even date
For Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration Number - 013367S

For and on behalf of the Board

Timmayya Hegde
Partner
M. No. 226267

Asif Khader
Director

Mueed Khader
Director

Bangalore
27th May 2013