

# ANNUAL REPORT

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**Cranes Software International Limited**  
Enterprise Analytics and Engineering Simulation Software & Solutions





Board of Directors	Mr. Asif Khader Mr. Mukkaram Jan Mr. Mueed Khader Mr. Richard Gall Dr. Peter Ryser	- Co-founder & Managing Director - Co-founder & Director - Director - Director - Director
Company Secretary	P. Phaneendra	
Bankers	Bank of India The Jammu & Kashmir Bank Ltd. State Bank of Travancore IDBI Bank Ltd. Canara Bank State Bank of Mysore	
Auditors	S. Janardhan & Associates Chartered Accountants Apt. Nos. 104 & 203, Embassy Centre No. 11, Crescent road, Bangalore - 560 001.	
Registered Office	Cranes Software International Ltd. # 2, Tavarekere, Bannerghatta Road, BTM Layout, 1st Stage, 1st Phase, Bangalore - 560 029	
Registrars	Integrated Enterprises India Pvt. Ltd. # 39, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003	
Website	<a href="http://www.cranessoftware.com">www.cranessoftware.com</a>	



# CRANES SOFTWARE INTERNATIONAL LIMITED

## FINANCIAL STATEMENTS 2014 - 2015



## REPORT OF THE BOARD OF DIRECTORS

To,  
The Members of  
Cranes Software International Limited,

Your Directors have pleasure in presenting their 30TH Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2015.

### 1. FINANCIAL SUMMARY OR HIGHLIGHTS/PERFORMANCE OF THE COMPANY

The Board's Report shall be prepared based on the standalone financial statements of the company.

Particulars	Standalone		Consolidated	
	FY 2015	FY 2014	FY 2015	FY 2014
Net Sales /Income from Business Operations	137.01	197.33	3,676.36	3,392.30
Other Income	723.23	72.97	805.50	103.30
Total Income	860.24	270.29	4,481.86	3,495.60
Total Expense	120.24	1,633.99	3,703.65	4,792.94
Profit/(Loss) before interest and depreciation	740.00	(1,363.69)	778.21	(1,297.34)
Less Interest	1,109.77	947.09	1,136.43	966.73
Profit/(Loss) before Depreciation	(369.78)	(2,310.79)	(358.22)	(2,264.07)
Less Depreciation	142.65	303.94	307.85	437.96
Profit/(Loss) after depreciation and Interest	(512.42)	(2,614.73)	(666.07)	(2,702.03)
Less Exceptional items	3.61	(11.04)	9.06	(8.83)
Profit/(Loss) before extraordinary items & tax	(516.04)	(2,603.69)	(675.13)	(2,693.20)
Add Extraordinary items	-	685.49	-	685.49
Profit/(Loss) before tax	(516.04)	(1,918.19)	(675.13)	(2,007.71)
Less Current Income Tax	-	-	6.17	10.58
Less Previous year adjustment of Income Tax	0.58	12.59	0.81	-
Less Deferred Tax	(382.28)	(931.01)	(385.65)	(988.59)
Less MAT Credit Entitlement Reversed	99.50	-	99.50	-
Net Profit/(Loss) after Tax	(233.84)	(999.77)	(395.96)	(1,029.70)
Dividend (including Interim if any and final )	-	-	-	-
Net Profit/(Loss) after dividend and Tax	(233.84)	(999.77)	(395.96)	(1,029.69)
Amount transferred to General Reserve				
Balance carried to Balance Sheet	(233.84)	(999.77)	(395.96)	(1,029.69)
Basic / Diluted (excluding extra ordinary items)	(1.99)	(14.31)	(3.36)	(14.56)
Basic / Diluted (including extra ordinary items)	(1.99)	(8.49)	(3.36)	(8.74)



## 2. BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIR

The Company's financial performance for the year under review along with previous year's figures is given hereunder:

During the year, your Company, on a standalone basis, achieved a Sales and Operating Revenue of Rs. 137 million, down from Rs. 197.3 million. The after tax position was a loss of Rs. 233.8 million, on Standalone basis, as compared to loss of Rs 999.7 million in the previous year. This reduction in loss was primarily due to items classified as 'Other Income' - Rs.723.2 million, Deferred Tax of Rs. 382.3 million as compared to Rs 931 million previous year and other minor variances in expenditure.

On a consolidated basis, during the year, your Company together with its subsidiaries achieved a Sales and Operating Revenue of Rs. 3676.4 million, up from Rs. 3,392.3 million of the previous year. Given below is the excerpt of profitability performance

### Operations

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

In the year gone by, Cranes furthered its engagement with its clientele by increasing product portfolio with new releases and launches and solution offerings by introducing new alliances and partnerships. This includes expanding our product range, partnering with partners to penetrate into new business areas, launching new products upgrades in the Engineering & Business Intelligence products and services area. The Company also forged its presence in the training services space by penetrating further into Engineering Universities and Colleges. In the Business Intelligence space the Company launched Cubeware Solutions Platform C8. This release superseded all previous Cubeware portfolio components, bundling and synchronizing them in a complete BI architecture. This provides companies an integrated, scalable, easy-to-use BI platform that addresses the complete spectrum of modern BI requirements across all industries. The Company operates in the Business Intelligence area through one of its subsidiaries; Dunn Solutions Group (DSG), a full service IT consulting firm with Business Intelligence and Application Development practices, and Cubeware, a company offering a complete, innovative, industry-independent Business Intelligence Product portfolio.

## 3. CHANGE IN THE NATURE OF BUSINESS, IF ANY

No Change in the nature of Business.

## 4. DIVIDEND

In the absence of distributable profits in the year, the Directors have not recommended any dividend for the year 2014-15, in order to conserve cash

## 5. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Asif Khader, Managing Director whose term ends at the conclusion of this AGM and being eligible, offer himself for reappointment.

## 6. PARTICULARS OF EMPLOYEES

Pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, statement of particulars of employees is annexed as Annexure I.

## 7. MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year four Board Meetings and four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.



8. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees.

9. DECLARATION BY INDEPENDENT DIRECTORS AND RE- APPOINTMENT, IF ANY

The independent directors have affirmed that they satisfy the criteria laid down under section 149(6) of the Companies Act, 2013 and clause 49 of the Listing Agreement. An independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment for next five years on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

10. REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

Managerial Remuneration:

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in the Corporate Governance Report and is provided in this report

11. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

Pursuant to sub-section (3) of section 129 of the Act, the statement containing the salient feature of the financial statement of a company Directors' Reports, Profit and Loss Accounts and Balance Sheets of each of the noted Subsidiary Companies are incorporated in the Consolidated Financial Statements which are presented herein.

In accordance with the Accounting Standard AS-21 on consolidated financial statements, the Consolidated Financial Statements are attached as part of the Annual Report and Accounts.

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

Pursuant to sub-section (3) of section 129 of the Act, the statement containing the salient feature of the financial statement of a company's subsidiary or subsidiaries, associate company or companies and joint venture or ventures is given as Annexure-II

Further, the Annual Accounts and related documents of the subsidiary company shall be kept open for inspection at the Registered & Corporate Office of the Company. The Company will also make available copy thereof upon specific request by any Member of the Company interested in obtaining the same. Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report include the financial information of its subsidiary.

12. AUDITORS:

The Auditors, M/s S Janardhan & Associates, Chartered Accountants, Bangalore have been appointed for the transitional period of 3 years at the last Annual General Meeting and, being eligible, ratification is hereby recommended for continuance from the forth coming AGM to the next AGM.

13. AUDITORS' REPORT

The Auditors' Report is reproduced here with and the management analysis and discussions are also attached

Remarks of Auditors

In the course of auditing the Company Accounts, the Statutory auditors have raised comments, observations and qualifications. Their comments in respect of the Company's assumption of "Going Concern" along with the responses of the Board to each are given below :



Auditors Opinion	Management Response
<p>1. An advance of Rs. 23,958.53 lakhs is due from a party for an inordinate period and in our opinion recovery of the same is doubtful. However, the company continues to classify such amounts as 'Good'. However, no evidence has been given to us to consider those amounts as recoverable as on the date of Balance Sheet.</p>	<p>The Company still regards the amount as 'Good' and recoverable as cash or in kind.</p>
<p>2. Attention of the members is invited to note 3.11 of the Notes regarding recognition of deferred tax credit on account of unabsorbed losses and allowances aggregating to Rs.26,965.82 lakhs (year ended March 31, 2014 Rs. 22,559.89 lakhs). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Accounting Standard 22.</p>	<p>The Company has made significant changes to its business strategy and improvements in its solutions and product offerings. Hence, the Company is confident that we will have future taxable income to take advantage of the deferred tax credit as a 'recognized' asset.</p>
<p>3. Reference is drawn to note no. 3.33 of the Notes regarding the amounts classified under "Fixed Assets" including "Intangible Assets Under Development" amounting to Rs. 32,252.28 lakhs. No evidence has been produced before us for testing its impairment and in the absence of the same, we are unable to express any opinion on the impairment to such asset. In our opinion, such test of impairment as on the date of Balance Sheet is mandatory, especially in view of the higher degree of the obsolescence of software which is stated to be under various stages of development, though no further developments have been carried out during the recent years.</p> <p>4. The appropriateness of the 'Going Concern' concept based on which the accounts have been prepared is interalia dependent on the Company's ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations.</p>	<p>As detailed in the annexed Management Discussion and Analysis, the Company has made substantial progress to its Products and Solutions across all subsidiaries. The impact of this change is reflective in our consolidated revenue growth. We believe that there is no reduction in the value of its IP assets and that the attainable value would be at least equal to the carrying value.</p> <p>During the year under review, the management has put its efforts toward resumption of normal operations. Hence, we are highly confident that the concept of 'Going Concern' continues to apply without doubt.</p>
<p>5. Redemption of Foreign currency convertible bond amounting to Rs. 28,354.20 lakhs (42 million Euros) to the holders of the bonds have fallen due during April 2011 and is yet to be redeemed as on the date of Balance Sheet. A winding up petition has been filed by the trustees of the Foreign Currency Convertible Bond holders against the Company, before the Hon'ble High Court of Karnataka for non-payment of principal and the accrued interest thereon.</p>	<p>The winding up petition placed before the division bench Hon'ble High Court of Karnataka has not been accepted. The Company is, however, actively pursuing settlement exchanges with all FCCB holders and has also reached favourable settlements with a substantial number of FCCB holders. With a view to deal with all these related matters on a comprehensive basis, the impact of these favourable settlements has not been put through the books of accounts.</p>



<p>6. Term loans and working capital loans availed by the company from various banks amounting to Rs. 58,550.95 lakhs, which includes an amount of Rs. 4,425.04 lakhs taken over by an Asset Reconstruction Company, remain unpaid and are overdue since 2009. The lenders have filed cases before the Debt Recovery Tribunal (DRT) / Hon'ble Courts, etc for recovery of dues. These proceedings are in various stages of disposal before the "DRT" and respective Hon'ble Courts. Winding up petitions have been filed by Canara bank and Bank of India against the company, before the Hon'ble High Court of Karnataka for non-payment of principal and the accrued interest thereon.</p>	<p>The Company is actively defending its position in these cases. It is also in advanced settlement negotiations with both secured &amp; unsecured lenders and while reaching settlements with some, expects to reach favourable settlements with others in due course.</p>
<p>7. In our opinion the securities provided to Banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet.</p>	<p>As for the SBI Capital a Creditor, case mentioned in this observation, the case has been completely dismissed in favour of Cranes Software during July 2015</p>
<p>8. SBI Capital, a Creditor, has initiated a winding up petition against the company, before the Hon'ble High Court of Karnataka for non-payment of its dues.</p>	<p>The Company is in the process of discharging these liabilities and is confident of clearing the entire dues in due course.</p>
<p>9. We would like to draw the attention of the members to note no. 3.27 of the financial statements regarding default of payments to various statutory authorities.</p> <p>10. We further draw attention on the following non compliances under the Companies Act, 2013 and rules thereon</p> <p>a) Non-appointment of Woman Director as required under the second proviso to Section 149(1) of the said Act.</p> <p>b) Non-appointment of Chief Financial Officer as required under section 203 of the said Act.</p> <p>c) The Company has drawn and utilised an amount Rs. 43.77 lakhs from the 'CSIL Employees Comprehensive Gratuity Trust' fund for the purpose not intended in terms of 'The Payment of Gratuity Act, 1972'.(See note No. 3.05 of the Financial Statements)</p>	<p>As for points a &amp; b, the Company is aware of these issues. The Company is working with several potential candidates and will make the requisite announcement shortly.</p> <p>Due to the relationship of the bank and the Company having soured, this amount has be blocked by bank. The Company is in the process of setting right the matters with the bank.</p>





14. DISCLOSURE ABOUT COST AUDIT

As per the Cost Audit Orders, Cost Audit is not applicable to this Company and its products/ business of the Company for FY 2014-15

15. SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Act and Rules made there under, M/s. The Perfect Professionals, have been appointed as Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as Annexure III to this report. The report is self-explanatory.

Internal Audit & Controls

The Company as per section 138 of Companies act, 2013 and the rules thereon has engaged M/s. G. Raghavendra and Co. as its Internal Auditor. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

16. VIGIL MECHANISM :

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established.

The Audit Committee consists of the following members

- a Mr. Richard Gall
- b. Dr. Peter Ryser
- c. Mr. Asif Khader

The above composition of the Audit Committee consists of independent Directors viz., Mr Richard Gall and Dr. Peter Ryser who form the majority.

The Company has established a vigil mechanism and overseas through the committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

17. RISK MANAGEMENT POLICY

The Company has developed and adopted a Risk Management Policy. This policy identifies all perceived risks which might impact the operations and on a more serious level also threaten the existence of the Company. The Company's Management Committee assists the Board in taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

18. EXTRACT OF ANNUAL RETURN:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report as ANNEXURE IV.

19. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report

20. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations, between the end of the financial year to which this financial statements relate on the date of this report



21. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS.

The internal control systems and adequacy are discussed in the Management Discussion and Analysis annexed to the Director's Report

22. DEPOSITS

The details relating to deposits, covered under Chapter V of the Act,-

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

23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

Details of Loans, Guarantees or Investments covered under section 186 of the Companies Act 2013, are given in the notes to the Financial Statements.

24. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto shall be disclosed in Form No. AOC-2. As Annexure V

25. STATUTORY DISCLOSURES

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. However, as per the provisions of Section 219 (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company at the registered office of the Company.

26. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In order to prevent sexual harassment of women at work place a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year Company has not received any complaint of harassment.

27. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(a) Research & Development Activities

The Management of your Company has been committed to building a strong R&D culture from day one and has set clear R&D goals. In order to achieve these goals, the Company has focused on furthering the efficacies of R&D activities as well as building synergies among multiple-impact technologies. The statement giving information as required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 is enclosed to this report

(b) Foreign exchange earnings and Outgo

During the year, the total foreign exchange used was Rs. 1611.26 lakh and the total foreign exchange earned was Rs. 714.20 lakh.

28. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR activities of the Company are focused in the areas of Education, Healthcare, Environment and Community Development. The CSR Activities undertaken by the Company are in line with the CSR Policy



and recommendation of the CSR Committee. Since there has been no profit declared by the Company, the said provisions are not applicable in Financial Year 2014-15.

## 29. HUMAN RESOURCES

Your Company treats its "human resources" as one of its most important assets.

Your Company continuously invest in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

## 30. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that-

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 31. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Due to the relationship of the bank and the Company having soured the amount has been blocked by the bank. The Company is in the process of settling the matters with the bank concerned and will transfer the amount to Investor Education and Protection Fund (IEPF) in due course.

## 32. ACKNOWLEDGEMENTS

An acknowledgement to all with whose help, cooperation and hard work the Company is able to achieve the results.

For and on behalf of the Board

Bengaluru  
September 4th, 2015

Asif Khader  
Managing Director

Mueed Khader  
Director



## MANAGEMENT DISCUSSION AND ANALYSIS

(Annexure to Directors' Report)

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

### Overview

Cranes Software International Limited (NSE: CRANESSOFT; BSE 512093), is a global scientific & engineering products and solutions provider. The Company's business interests straddle software products (proprietary products and product alliances), Solutions (Business Data Analytics & Engineering Services) and Services (training in niche domain areas). The company is dedicated to excellence and recognized leadership in technical software products and training services. Cranes Software is focused on product development, consulting, distribution and training, and has its direct presence in six countries worldwide.

### Global Business Environment

Gartner Report for IT Services Worldwide, 2013-2019 forecasts shows the market reaching nearly \$914 billion in 2015, growing 3.8%. With outsourcing contributing more than half of market growth in constant currency, the market will reach \$1.1 trillion in 2019.

In the IT sector, fundamental aspects of the business landscape continue to favour offshore outsourcing through the growing trend of global delivery. All this has set the stage for Indian IT exports to grow 13-15 per cent in 2014-15 to reach \$97-99 billion According to the National Association of Software and Services Companies (NASSCOM), the Domestic revenues for the period will grow at 9-12 per cent and reach Rs. 1250-1280 billion this year.

### Cranes Software: Business Initiatives

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

In the year gone by, Cranes furthered its engagement with its clientele by increasing its product portfolio with new releases and launches and solution offerings by introducing new alliances and partnerships. This includes expanding the product range, partnering with companies to penetrate into new business areas, launching new products upgrades in the Engineering & Business Intelligence products and services area. The Company also forged its presence in the training services space by penetrating further into Engineering Universities and Colleges. In the Business Intelligence space the Company launched Cubeware Solutions Platform C8. This release superseded all previous Cubeware portfolio components, bundling and synchronizing them in a complete BI architecture. This provides companies an integrated, scalable, easy-to-use BI platform that addresses the complete spectrum of modern BI requirements across all industries. The Company operates in the Business Intelligence area through of its subsidiaries; Dunn Solutions Group (DSG), a full service IT consulting firm with Business Intelligence and Application Development practices, and Cubeware, a Company offering a complete, innovative, industry-independent Business Intelligence Product portfolio. A detailed update of new product launches and business initiatives is included below.

On a standalone basis, the Company's Cranes Varsity division has forged further into the training and education market. The Company partnered with a number of engineering colleges for on-campus training to engineering students, under 'Cranes Varsity College Program'. The division also launched two new courses in VLSI & Software Programming. Both of which have been accepted in the market positively. The Company launched new version of its own product NISA Mechanical and NISA Civil, hence penetrating further into the engineering segment and reducing its dependency on third party products. Going forward, the Company plans to further establish its relationships with academia and bring active partnerships from the corporate sector as well.

During the year, your Company, on a standalone basis, achieved a Sales and Operating Revenue of Rs. 137 million, down from Rs. 197.3 million. The after tax position was a loss of Rs. 233.8 million, on Standalone basis, as compared to loss of Rs 999.7 million in the previous year. This reduction in loss was primarily due to items



classified as 'Other Income' - Rs.723.2 million, Deferred Tax of Rs. 382.3 million as compared to Rs. 931 million previous year and other minor variances in expenditure.

On a consolidated basis, during the year, your Company together with its subsidiaries achieved a Sales and Operating Revenue of Rs. 3,676.3 million, up from Rs. 3,392.3 million of the previous year. Given below is the excerpt of profitability performance.

The Company is also focused on improving its balance sheet position. Active discussions with secured and unsecured lenders for restructuring / closure of debts have yielded debt closure agreements with many banks. We also continue to pursue various approaches to sustained operational profitability and reduced debt exposure.

#### International Subsidiary Performances

##### Engineering Technology Associates, Inc. (ETA)

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

#### Product Launches

##### DYNAFORM 5.9.2.1 Released

ETA released DYNAFORM Version 5.9.2.1 was released in February, featuring a brand new module called Die Evaluation (D-Eval). DYNAFORM is a simulation software solution, which analyzes the entire die system and allows organizations to bypass soft tooling, reducing tryout time, lowering costs and improving overall productivity. D-Eval is tailored to support engineers in the early stages of the product design cycle. It allows engineers to take manufacturability into consideration early in the design process, ahead of the tooling stage.

##### Inventium 2014 R2 Released

ETA released Inventium 2014 R2. This release is the latest of the Inventium software, which includes PreSys and VPG Modules (Drop Test, FSI, Safety and Structure). This software includes many new features, enhancements and bug fixes, which improve the product with respect to usability and expanded functionality. Substantial updates to the software were implemented in this release.

#### Product Alliances

##### Alliance with Beta CAE

ETA began a strategic partnership to develop a revolutionary product design and development solution based on holistic, optimization-led design with Greece based Beta CAE this year. This partnership will combine the strengths of ETA's software solutions and its Accelerated Concept to Product (ACP) Process® with Beta CAE's ANSA software, offering parameterized modeling features.

#### Going forward...

ETA has expanded its work in Product Design and Development and continues to make impressive developments in the area of mass reduction strategies. Its Engineering Services team will continue to expand its ACP Process® services into manufacturing applications continuing to build on its 25% increase in overall business over the last year. The new software product based on ACP that is under development in its partnership with Beta CAE promises to be a game changer in the field of product design and development. It will have a significant impact not only in the automotive industry, but will be applied well beyond in a variety of industries for mechanical system design. ETA will also build on the success of its staffing business, increasing 40% over the last year, continuing to pursue its new strategy in the business segment.

#### Dunn Solutions Group (DSG):

DSG is a project based IT consulting firm focusing on Business Analytics and Application Development. The DSG Business Analytics practice delivers value by leveraging the power of data analytics to communicate metrics throughout the organization and assist management in making better decisions. The Predictive Analytics group acts like the "GPS" of business - providing insights on not only what happened, but what will happen.



DSG's long time partnership with SAP in the BI and Analytics space, along with SAP certified training, allows the Company to deliver higher value to mutual customers. In addition to SAP, Dunn maintains partnerships with market leading software and solutions providers like Microsoft, Informatica, and Amazon.

Dunn Solutions' Application Development practice offers expertise in e-commerce, portal technology, mobile and custom application development, and authorized Liferay Training. DSG has delivered customer/ patient engagement portals in many verticals including healthcare, manufacturing, insurance and retail. Dunn Solutions is a Platinum Liferay partner and their open-source Liferay practice has consistently delivered new ways for our clients to share information and collaborate over the web.

During the year under review, the Company has seen a renewed focus on e-commerce with Dunn Solutions becoming SAP Hybris certified and also established partner relationships with open source e-commerce vendors BroadLeaf Commerce and KonaKart. Dunn Solutions' application development practice has the core skills for both portal and e-commerce and many customers require both to be truly successful. E-Commerce projects also allow our Business Analytics consulting teams to add value to DSG's application development projects by providing advanced analytics and segmentation to the e-commerce clients - which allows them to better market and provide the right offering to the right customer - increasing their profits.

Dunn Solutions is also a trusted resource for IT projects in the U.S. nationwide through offices in Chicago, Minneapolis, Raleigh and Bangalore, India

#### Solution Frameworks

##### Higher Education BI Framework

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

##### ACO BI Framework

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

##### Financial Institution Portal Framework

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

##### Going Forward...

Dunn Solutions intends to expand its efforts to create solutions which merge real time analytics with transactional solutions like e-commerce. Additionally the Company will continue to focus on key verticals including: retail, healthcare, and higher education in addition to the horizontal information technology offerings.

##### CubeWare:

Cubeware GmbH, founded in 1997 and headquartered in Rosenheim with eleven other offices in Europe, the US and Asia, is a leading supplier of cutting-edge business intelligence (BI) and performance management software. The Cubeware Solutions Platform helps companies optimally implement a wide range of requirements for sustainable performance management.

Cubeware works with more than 70 partners and certified consultants globally. 3.000 customers rely on our more than 18 years of BI experience.



## Product Launches

Cubeware Cockpit V6pro Release 4 Service Release 2 & Cubeware Mobile BI 1.2.1 for iOS

Cubeware released the Cubeware Cockpit Release 4 Service Release 2 and Cubeware Mobile BI 1.2.1 for iOS. The releases 4.2 and 1.2.1 extend the capabilities to build enterprise-ready mobile BI solutions.

Cubeware released- Cubeware Solutions Platform C8

This release superseded all previous Cubeware portfolio components, bundling and synchronizing them in a complete BI architecture. This provides companies an integrated, scalable, easy-to-use BI platform that addresses the complete spectrum of modern BI requirements across all industries.

Expansion of business in new areas like USA / EUROPE / APAC etc. - New partners

Cubeware has expanded its partner ecosystem with 28 new partners in Europe in the last 18 months. Out of this, 9 partners are from the other European countries outside of Germany. Now the emphasis will be to enable these new partners to come to speed so that they start generating the revenues in the next 1-2 years. The Company has recently signed up Gus Group as their OEM Partner, Deloitte as new partner in Australia, and AirPatrol as the OEM Partner in USA; that will give access to address their customers and help expand into new markets. The Company is also exploring the APAC region for appointing new partners and have already made inroads in the Middle East, India and Korea.

Deloitte: New Business Partner in Australia

Cubeware signed Deloitte as new partner in Australia, one of the big five consulting companies in the world.

AirPatrol: Great technology partner win

Cubeware signed up OEM partnership with AirPatrol one of the leading providers of mobile device and security services.

GUS Group: Great OEM partner win

Cubeware signed up OEM partnership with GUS Group one of the leading ERP vendors in the health and food industry as an OEM partner for C8 Cockpit.

Going forward...

The release of CSP C8 and the re-naming and simplification of the pricing and licensing model would help acquire new prospects through an improved market address and a clear messaging. Added, the Company would leverage its existing customer base to improve their systems through an easy to understand migration process. With the use of aggressive and integrated marketing campaigns, results can be seen regarding the market penetration in the upcoming quarters.

Joint solutions with new developments

Operational Planning and Mobile BI are the main development focus areas for the Company. Cubeware C8 Snack (Instant Mobile BI Reporting) is a joint development, as far as the gateway is concerned and promises huge market potential. Easy and rapid access to analytical no-SQL databases is another technology area the Company plans to provide in joint development with a technology partners.

BISTRO

Bistro is evolving to a cloud computing hosting platform, where customers can chose if they want to have the Cubeware C8 Solutions Platform deployed on premise or on a subscription basis within Bistro. Bistro will also present a BIG DATA no-SQL database. This offering will be used by OEM partner AirPatrol for smaller deployments.

Systat Software Inc. (SSI)

Systat Software Inc headquartered in San Jose, California is a pioneer in Statistical Data Analysis and Scientific Graphing. Our suite of products help researchers and engineers analyze their data, create precise plots and charts, develop publication-quality graphs and customize all analysis needs.

With over half a million users in Research Institutes, Universities and Commercial Laboratories worldwide, Systat Software is committed to providing the scientific community with the best of tools for powerful statistical analysis, advanced scientific graphing, automated curve & surface fitting, automated peak separation analysis and real time data analysis.



## Product launches

### SigmaPlot v13

In July 2014, Systat Software Inc announced SigmaPlot Version 13 the latest version of the most advanced scientific data analysis and graphing software package. This version has multiple new graph features including Forest plots and Kernel Density a smooth probability distribution plot, 10 new color schemes, additional statistics functions for Principal Components Analysis (PCA) and Analysis of Covariance (ANCOVA) and legend improvements which include the Direct Labeling method. SigmaPlot version 13 provides researchers with an optimized property interface with no tabs, with all properties displayed in one place and instant graph display upon property change. The Graph Properties panel is smaller and has an optional transparency to show graph changes behind it. Version 13 has increased ease of use to quickly analyze data and create exact, publication-quality graphs that best present research results for presentation, publication or the web.

SigmaPlot has long been the industry standard for graphing and analyzing data in the scientific and engineering communities as it plays a key role in enabling researchers to visually communicate important research results. The new SigmaPlot 13 adds two new analysis methods to extract additional information from your data. Principal Components Analysis finds variables that succinctly describe data. Analysis of Covariance (ANCOVA) improves the description of data by including the effect of "nuisance" variables. A total of 24 probability functions have been added that can be used for function fitting or curve visualization. The Direct Labeling method places the legend items next to their plots rather than in a legend which makes understanding the graph much quicker. Other analysis, user-interface and import/export features together with the simplified Graph Properties dialog introduced in Version 12 combine to make this a very significant release.

### Going Forward...

Systat Software continues to invest further into technical upgrades of its products, marketing and infrastructural strengths. In addition upgrading our current product portfolio, SSI will launch SigmaStat version 4 this year. SigmaStat is an easy-to-use, wizard-based statistical analysis software package designed to guide users through every step of the statistical analysis and perform powerful statistical analysis without being a statistical expert. The SigmaStat statistical analysis software is tailored to the areas of life science and medical research and will have a very good impact on academia as student and faculty would benefit from this.

SSI is also working on developing SigmaPlot version 14 with Unicode support. Unicode is a standardized character encoding that allows all characters in all languages of the world to be represented in one character set. It makes it much easier to work with characters and to allow different characters into the same document eg Chinese, Arabic and Roman. With SigmaPlot version 14 customers will be able to customize SigmaPlot to a language of their preference.

### Opportunities & Threats

Opportunities are in plenty in an aggressively growing and high-demand environment. The industry today is experiencing a definite shift from fundamental IT enabled business automation to flexible, sustainable real-time solutions in heterogeneous IT environments such as Cloud, tablets, mobile phones etc. The Company is constantly working on higher-end easy-to-operate but yet powerful and flexible business applications for its core areas such as business intelligence and vocational training.

Although the organization witnessed financial downside, in the year under review, it has managed to maintain organization sustainability and operational efficiencies. The Company today continues to leverage its expertise, experience and domain knowledge in the fields of Vocational Training, Engineering Services and Business Analytics to grow and achieve new grounds. The Company's balance sheet has been strongly leveraged through secured and unsecured debts. The Company has already secured favorable settlement options with a large set of secured lenders. The Company is confident that a significant part of these loans will be settled/ restructured by the end of the current financial year.

### Risk Management

The Company has developed and adopted a Risk Management Policy. This policy identifies all perceived risks which might impact the operations and on a more serious level also threaten the existence of the Company. The Company has laid down well-structured procedures for monitoring the risk management plan and implementing the risk mitigation measures. The strategic risks are taken into consideration in the annual planning process and





these risks together with their mitigation plan are subject to review by the management on a regular basis. The business processes risks and the related controls would be subjected to internal audit and reviewed on a regular basis.

#### Human Resources

The Company continues to focus on business expansion while limiting the resources deployed to achieve such expansion. The mix of such members consists of Technology Experts, Sales and Marketing personnel manning the global offices.

#### Internal Control Systems

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

#### Safe Harbor

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

## ANNEXURE - I

Statement of Particulars of employees pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name	Designation/Nature of Duties	Remuneration Received [Rs.]	Qualification	Experience in years	Age in years Date of	commencement of employment	Last employment held
1	2	3	4	5	6	7	8	9
1	ASHFAQ IBRAHIM	EXECUTIVE VICE PRESIDENT	2,500,000	BE	19 Years	46 Years 6 Months	1st March 1996	-
2	MEHRAJ LANKAR	Sr. VICE PRESIDENT	2,500,000	BE	17 Years 2 Months	42 Years	1st July 1998	-
3.	RAJIV MENON	Sr. VICE PRESIDENT	2,600,000	BS	23 years 2 months	47 Years	2nd July 2001	iQ Infotech Pvt. Ltd

Notes;

- All appointments are / were non-contractual
- Remuneration as shown above comprises of Salary, Leave Salary, Bonus, Gratuity where paid, Leave Travel Assistance, Medical Benefit, House Rent Allowance, Perquisites and Company's Contribution to Provident Fund and Superannuation Fund. Remuneration on Cash basis
- None of the above employees is related to any Director of the Company employed for part of the financial year.



## Annexure - II

### STATEMENT PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

In accordance with the General Circular No: 2/2011 dated 8 February, 2011, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, the Statement of Profit and Loss and other documents of the subsidiary are not being attached with the Annual Accounts of the Company. This Annual Report contains Consolidated Financial Statement of the Company and its subsidiary in accordance with the relevant Accounting Standards and the same has been duly audited by Statutory Auditors. The annual accounts of the subsidiary company and related information will be made available to the shareholders of the Company and its subsidiary company on request and will also be kept open for inspection by the shareholders at the Registered Office of the Company and the subsidiary.

Name of the Subsidiary Company	Systat Software GmbH (Consolidated with Cubeware GmbH)	Systat Software Inc	Systat Software Asia Pacific Ltd	Cranes Software International Pte Ltd	Caravel Info Systems Pvt. Ltd.	Cranes Software Inc (Consolidated with Dunn Solutions Group Inc, Engineering Technology Associate Inc & China)	Tilak Autotech Pvt. Ltd.	Analytix Systems Pvt. Ltd.	Proland Software Pvt. Ltd.	Esquebe Communication Solutions Pvt. Ltd.
Reporting Currency	EURO	USD	INR	SGD	INR	USD	INR	INR	INR	INR
Financial period ended	31.3.2015	31.3.2015	31.3.2015	31.3.2015	31.3.2015	31.3.2015	31.3.2015	31.3.2015	31.3.2015	31.3.2015
Issued & Subscribed Capital	25,000	974,166	3,800,000	165,692	1,200,000	2,691,855	100,000	200,000	484,000	117,650
Reserves	4,978,806	(7,770,726)	1,470,765	(1,361,622)	(9,473,026)	(2,906,996)	(18,329,710)	796,590	(30,503,781)	(4,588,817)
Total Assets	23,645,100	19,802,728	5,323,698	4,083,637	49,045,919	26,123,590	4,860,223	38,443,115	37,222,558	22,438,764
Total Liabilities	23,645,100	19,802,728	5,323,698	4,083,637	49,045,919	26,123,590	4,860,223	38,443,115	37,222,558	22,438,764
Investments	-	-	-	-	-	-	-	-	-	-
Turnover	13,284,013	3,460,977	-	-	15,551,086	38,567,696	-	-	1,784,461	2,336,749
Profit / (Loss) before Tax	404,194	(2,291,477)	(50,498)	(217,121)	(3,525,957)	(123,155)	(45,382)	(64,920)	(19,547,398)	1,405,575
Provision for Tax	78,842	800	-	-	225,901	54,914	-	-	-	-
Profit / (Loss) After Tax	325,352	(2,292,277)	(50,498)	(217,121)	(3,751,858)	(68,241)	(45,382)	(64,920)	(19,547,398)	1,405,575
Proposed Dividend	-	-	-	-	-	-	-	-	-	-



## FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2015

(PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE NO.9 OF THE COMPANIES (APPOINTMENT AND REMUNERATION PERSONNEL) RULES, 2014)

TO,  
THE MEMBERS,  
CRANES SOFTWARE INTERNATIONAL LIMITED  
BANGALORE

We "The Perfect Professionals" having been given the mandate to conduct the Secretarial Audit of the Company for the Compliance of applicable statutory provisions and the adherence to good corporate practice by M/S. Cranes Software International Limited (CIN: L05190KA1984PLC031621) (herein after called the company). The secretarial audit was conducted by Mr. B K Pandey (Membership No. A32458) in a manner that provided us a reasonable basis for evaluating the corporate conduct/ statutory compliance and expressing our opinion therein. Based on the verification of M/S. Cranes Software International Limited's books, papers, minute books, forms and returns filed and other records maintain by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit. We hereby report that in our opinion the company has during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed here under and also that the company has proper board processes and compliance mechanism in place to the extent and in the manner and subject to the reporting made here after.

We report that-

- a. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c. We have not verified the correctness and appropriateness of the financial statements of the Company.
- d. Where ever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
- e. The compliance of the provisions of the Corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;



- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited.

The following other Laws specifically applicable to the Company as under:

- ☞ The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- ☞ Employees' State Insurance Act, 1948
- ☞ Legal Metrology Act, 2009
- ☞ The Minimum Wages Act, 1948
- ☞ The Payment of Wages Act, 1936
- ☞ The Negotiable Instruments Act, 1881
- ☞ The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards relating to General and Board Meeting Minutes issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited-

The Company's shares are at present not trading on the National Stock Exchange

As it was delinquent in its payments of dividend. The Company has yet to get the NOC from the ROC and represent to the NSE for continuance of the trading.

- (I) The Companies Act, 2013 and the Companies Act, 1956 (to the extent applicable) (the Act) and the rules made here under;
  - 1. Form 5 INV for 2014 was filed after the due date.
  - 2. All the required resolution to be reported in Form MGT-14 have been complied with except the form MRN-1 for the appointment of "KEY MANAGERIAL PERSON" which is yet to be filed.
  - 3. The company is yet to appoint a Woman Director in terms of section 149 of Companies Act, 2013.
- (II) The Company has not filed Return of deposits.
- (III) EPF : The company is due to remit the Provident Fund amount for the year 2014-15.

The company has received a notice from the EPF levying interest and penalty to the tune of Rs. 41,00,000 (forty one lakhs) which is has been disputed and the case for waiver of the penalty has been presented to the Provident Fund Commissioner, it has yet to be decided.

- (IV) VAT : The company has yet to complete the assessment of the commercial taxes after 2009-10 and is liable for interest, penalty and taxes due. There are no earlier dues to be paid.



(V) STPI: The Company is registered with Software Technology Park of India and has filed all the annual returns upto date and is due to renew the agreement which is overdue. The company states that it is in the process of doing so during this month.

The renewal fees would be Rs.6,00,000 (six lakh) and above which will again impact on the financial position of the company.

(VI) The Company is in arrears of payment to Income Tax, TDS , and Service Tax.

(VII) Dividend Tax :The Company is due to clear the dividend tax Rs. 273.88 in lakhs as applicable which will also have an impact on the financial position of the company.

(VIII) FEMA : There are no records for the year 2014-15 showing any violation of FEMA regulations. The Company has subsidiaries registered outside India which are being discussed later.

(IX) Charges Registered with ROC : The Parent Company CRANES SOFTWARE INTERNATIONAL LIMITED has created charges which are reflective at the MCA portal as here under;

SL NO.	CHARGE ID	CHARGE HOLDER	DATE OF CREATION/ MODIFICATION	CHARGE AMOUNT
1.	10156604	THE HONDKONG AND SHANGHAI BANKING CORPORATION LTD, #7 M G Road,Bangalore-560001	04/04/2009	700,000,000.00
2.	10140911	INTERNATIONAL ASSET RECONSTRUCTION COMPANY PRIVATE LIMITED,709, 7th Floor, Ansal Bhawan, 16, Kasturba Gandhi Marg, New Delhi, Delhi - 110001,	11/02/2014	250,000,000.00
3.	10132686	THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD, #7 M G Road,Bangalore-560001	18/05/2009	1,425,000,000.00
4.	10073695	BANK OF INDIA, Corporate Banking Branch, Bank Of India Bldg., No .11, K G Road, Bangalore, Karnataka - 560009	04/04/2009	807,500,000.00
5.	10067509	STATE BANK OF TRAVANCORE, Industrial Finance Branch, 3rd Floor, Vayudooth Chambers, Trinity Circle Jn., MG Road, Bangalore, Karnataka - 560001	30/08/2007	300,000,000.00
6.	10025898	THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD, #7 M G Road,Bangalore-560001	16/09/2008	1,250,000,000.00
7.	90197047	THE JAMMU AND KASHMIR BANK LTD, F 6 & F7 Gem Plaza Infantry Road, Bangalore, Karnataka - 560001	02/01/2004	6,500,000.00
8.	90197009	THE JAMMU & KASHMIR BANK LTD, F 6 & F7 Gem Plaza Infantry Road, Bangalore, Karnataka - 560001	02/01/2004	6,500,000.00
9.	80003118	THE JAMMU & KASHMIR BANK LTD, F 6 & F7 Gem Plaza Infantry Road, Bangalore, Karnataka - 560001	30/03/1996	1,208,500,000.00



Among the subsidiary company none of them have created charges except

ANALYTIX SYSTEMS PRIVATE LIMITED (CIN : U72200KA1997PTC023011) which is due to Indian Overseas Bank, East end Main Road Branch, Bangalore-560069 under Charge ID No. 80010346, a sum of Rs. 9,00,000 (Nine lakh)

The Company has following Subsidiaries in India

1. SYSTAT SOFTWARE ASIA PACIFIC LIMITED (CIN: U72900KA2001PLC02965)
2. PROLAND SOFTWARE PRIVATE LIMITED (CIN: U72200KA1991PTC01205)
3. TILAK AUTOTECH PRIVATE LIMITED (CIN: U31909MH1994PTC081427)
4. CARAVEL INFO SYSTEM PRIVATE LIMITED (CIN: U72100KA1998PTC023805)
5. ESQUBE COMMUNICATION SOLUTIONS PRIVATE LIMITED (CIN: U72200KA2002PTC031317)
6. ANALYTIX SYSTEMS PRIVATE LIMITED (CIN: U72200KA1997PTC023011)

We have examined all the records of the above mentioned companies and has complied with the provisions of the act, rules, regulation, guidelines, standards, etc.,

The company also has subsidiary companies registered outside India

1. SYSTAT SOFTWARE INC., USA
2. CRANES SOFTWARE INC., USA.
3. ENGINEERING TECHNOLOGY ASSOCIATES INC., USA (WOS OF CRANES SOFTWARE INC., USA), INCORPORATING THEREIN, ENGINEERING TECHNOLOGY ASSOCIATES (SHANGHAI) INC.,
4. DUNN SOLUTIONS GROUP INC., USA (WOS OF CRANES SOFTWARE INC., USA), INCORPORATING THEREIN, DUNN SOLUTIONS INDIA PRIVATE LIMITED
5. SYSTAT SOFTWARE GMBH, GERMANY
6. CUBEWARE GMBH (WOS OF SYSTAT SOFTWARE GMBH), INCLUDING ITS WOS IN AUSTRIA AND SWITZERLAND
7. CRANES SOFTWARE INTERNATIONAL PTE. LTD., SINGAPORE

We have not examined the records maintained by these companies, however we understand from the management and the report presented to us which speaks about the financial regularity and discipline of these companies handed over to the statutory auditors for their reference. As per information received from the management.

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which 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 explanations given to us, we believe that the compliance management system of the Company is seems adequate to ensure compliance of laws specifically applicable to the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes have been made in the constitution of the Board Of Directors during the period under review.

Advance seven days notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda are sent in advance of the meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The company which has been fighting with its back to the wall for the last five years is in the process of restructuring its finances and consolidating its position rather than increase the business and hence has been slow in its compliances.



We further report that during the audit period, there were no instances of:

- i. Public/Right/Preferential issue of shares / debentures/sweat equity.
- ii. Redemption/ buy-back of securities.
- iii. Decisions by the members in pursuance to section 180 of the Act.
- iv. Merger/Amalgamation/Reconstruction.
- v. Foreign technical collaborations.

SECRETARIAL AUDIT REPORT  
for THE PERFECT PROFESSIONALS

B K PANDEY  
COMPANY SECRETARY

FCS NO. A32458  
C P NO. 12074

ANNEXURE IV

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L05190KA1984PLC031621
- ii) Registration Date : 22/10/1984
- iii) Name of the Company : CRANES SOFTWARE INTERNATIONAL LIMITED
- iv) Category/Sub-Category of the Company : Non Government Company
- v) Address of the Registered office and contact details : 2, TAVAREKERE, BANNERGHATTA ROAD 1ST PHASE, 1ST STAGE, BTM LAYOUT, BANGALORE - 560 029  
Karnataka, India  
Ph: 080 - 42828000  
Fax: 080 - 41280203  
Email : p.hemdev@gmail.com  
Website : www.cranessoftware.com
- vi) Whether listed company : Yes
- vii) Name and Address of Registrar & Transfer Agents ( RTA ) : M/s Integrated Enterprises (India) Ltd  
(formerly known as Alpha Systems Pvt Ltd - since merged),  
No.30 Ramana Residency, 4th Cross, Sampige Road,  
Malleswaram Bangalore - 560 003 (Karnataka )  
Ph: 080 - 2346 0815  
Fax: 080 - 23460819  
Email : irg@integratedindia.in





## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / Services	NIC code of the product / Service	% to total turnover of the company
1	Software Services	8922	100.00

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

(No. of companies for which information is being filled)

Sl. No.	Name & Address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares	held Applicable Section
1	SYSTAT SOFTWARE ASIA PACIFIC LIMITED	U72900KA2001PLC02965	SUBSIDIARY	100	2 (87)
2.	PROLAND SOFTWARE PRIVATE LIMITED	U72200KA1991PTC01205	SUBSIDIARY	100	2 (87)
3.	TILAK AUTOTECH PRIVATE LIMITED	U31909MH1994PTC081427	SUBSIDIARY	100	2 (87)
4.	CARAVEL INFO SYSTEM PRIVATE LIMITED	U72100KA1998PTC023805	SUBSIDIARY	100	2 (87)
5.	ANALYTIX SYSTEMS PRIVATE LIMITED	U72200KA1997PTC023011	SUBSIDIARY	100	2 (87)
6.	ESQUBE COMMUNICATION SOLUTIONS PRIVATE LIMITED	U72200KA2002PTC031317	SUBSIDIARY	76	2 (87)
7.	SYSTAT SOFTWARE INC., USA		SUBSIDIARY	100	2 (87)
8.	CRANES SOFTWARE INC. USA.		SUBSIDIARY	100	2 (87)
9.	ENGINEERING TECHNOLOGY ASSOCIATES INC., USA		SUBSIDIARY	Wholly Owned subsidiary of Cranes Software Inc	2 (87)
10.	DUNN SOLUTIONS GROUP INC., USA		SUBSIDIARY	Wholly Owned subsidiary of Cranes Software Inc	2 (87)
11.	SYSTAT SOFTWARE GMBH, GERMANY		SUBSIDIARY	100	2 (87)
12.	CUBEWARE GMBH		SUBSIDIARY	Wholly Owned subsidiary of Systat Software GmbH	2 (87)
13.	CRANES SOFTWARE INTERNATIONAL PTE. LTD., SINGAPORE		SUBSIDIARY	100	2 (87)



IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
A. Promoters									
(1) Indian									
a. Individual/HUF	1468800		1468800	1.25	1468800		1468800	1.25	
b. Central Govt.									
c. State Govt (s)									
d. Bodies Corp.	6050200		6050200	5.14	6050200		6050200	5.14	
e. Banks / FI									
f. Any Other....									
Sub-total (A) (1):-	7519000		7519000	6.38	7519000		7519000	6.38	
(2) Foreign									
a. NRIs - Individuals									
b. Other - Individuals									
c. Bodies Corp.									
d. Banks / FI									
e. Any Other....									
Sub-total (A) (2):-	7519000		7519000	6.38	7519000		7519000	6.38	
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	7519000		7519000	6.38	7519000		7519000	6.38	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI	16584356		16584356	14.08	16584356		16584356	14.08	
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies	900000		900000	0.76	900000		900000	0.76	
g) FIs	114443		114443	0.10	114443		114443	0.10	
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	17598799		17598799	14.94	17598799		17598799	14.94	
2. Non-Institutions									
a) Bodies Corp.	23684212		23684212	20.11	23684212		23684212	20.11	
i) Indian									
ii) Overseas									



b) Individuals	41805820	33936	41839756	35.53	41805820	33936	41839756	35.53	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	17753868	368000	18121868	15.39	17753868	368000	18121868	15.39	
c) Others (specify)									
1.Trust	4000		4000	0.0	4000		4000	0.0	
2.NRI	7731809		7731809	6.57	7731809		7731809	6.57	
3.Clearing Members	1186309		1186309	1.01	1186309		1186309	1.01	
Sub-total (B)(2):-	92247115	401936	92649051	78.67	92247115	401936	92649051	78.67	
Total Public Shareholding (B)= (B)(1)+(B)(2)	109845914	401936	110247850	93.62	109845914	401936	110247850	93.62	
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	117364914	401936	117766850	100.00	117364914	401936	117766850	100.00	

## B. Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% Change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total	
1	ASIF KHADER	1001500	0.85	0.85	1001500	0.85	0.85	
2	JANSONS LAND AND PROPERTY DEVELOPMENT PRIVATE LIMITED	494600	0.42	0.42	494600	0.42	0.42	
3	K & J TELECOM PRIVATE LIMITED	2008600	1.71	1.71	2008600	1.71	1.71	
4	K & J TELECOM PRIVATE LIMITED	1547000	1.31	1.31	1547000	1.31	1.31	
5	MISBAH JAN	1000	0.00	0.00	1000	0.00	0.00	
6	MUEED KHADER	1000	0.00	0.00	1000	0.00	0.00	
7	MUKKRAM JAN	465300	0.40	0.40	465300	0.40	0.40	
8	SEA EQUITY ENTERPRISE PRIVATE LIMITED	2000000	1.70	1.70	2000000	1.70	1.70	



Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholders Name	Share holding at the beginning of the Year					Cumulative Share holding during the year	
		No. of Shares	% of total Shares of the company	Date	Increase/ Decrease in share Holsing	Reason	No. of Shares	% of total shares of the company
1	Asif Khader	1000700	0.85	-	-	-	1000700	0.85
2	Asif Khader	800	0.00	-	-	-	800	0.00
3	Cranes Consulting Privated Limited	59000	0.05	-	-	-	59000	0.05
4	Jansons Land And Property Development Private Limited	494600	0.42	-	-	-	494600	0.42
5	K and J Telecom Pvt. Ltd.	2008600	1.71	-	-	-	2008600	1.71
6	K and J Holdings Pvt. Ltd.	1488000	1.26	-	-	-	1488000	1.26
7	Misbah Jan	1000	0.00	-	-	-	1000	0.00
8	Mueed Khader	1000	0.00	-	-	-	1000	0.00
9	Mukkaram Jan	465300	0.40	-	-	-	465300	0.40
10	Sea Equity Enterprises Pvt. Ltd.	2000000	1.70	-	-	-	2000000	1.70

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Shareholders Name	Share holding at the beginning of the Year 01-04-2014					Cumulative Share holding during the year 31-03-2015	
		No. of Shares	% of total Shares of the company	Date	Increase/ Decrease in share Holsing	Reason	No. of Shares	% of total shares of the company
1	IBC KNOWLEDGE PARK PRIVATE LIMITED	13135314	11.15	3/31/2015	-	Nil Movement during the Year	13135314	11.15
2	BANK OF INDIA	11291723	9.59	3/31/2015	-	Nil Movement during the Year	11291723	9.59
3	THE J AND K BANK LTD.	4999497	4.25	3/31/2015	-	Nil Movement during the Year	4999497	4.25
4	YUNUS ZIA	3783853	3.21	3/31/2015	-	Nil Movement during the Year	3783853	3.21
5	PUKHRAJ KHATER	2282145	1.94	3/31/2015	-	-	4068146	3.45
6	ALLAHABAD BANK	1945000	1.65	6/20/2014 3/31/2015	-1945000 -	SOLD -	- -	- -
7	MUSHTAQ AHMAD VAQIL	1509149	1.28	3/31/2015	-	Nil Movement during the Year	1509149	1.28
8	YOGESH KANWAL MEHRA	1171117	0.99	3/31/2015	-	-	348629	0.30
9	SHRI PARASRAM HOLDINGS PVT.LTD.	1106429	0.94	3/31/2015	-3000	SOLD	1031716	0.88
10	AVALOKITESHVAR VALINIV LIMITED	1100000	0.93	3/31/2015	-	Nil Movement during the Year	1100000	0.93



## C. Shareholding of Directors and Key Managerial Personnel :

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total share of the company
1	At the beginning of the year	Nil	Nil	Nil	Nil
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) :	Nil	Nil	Nil	Nil
3.	At the End of the year	Nil	Nil	Nil	Nil

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Rs. in lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	65861.08		65861.08
ii) Interest due but not paid	-	26302.84		26302.84
iii) Interest accrued but not due	-	-		-
Total (i+ii+iii)	-	92163.92		92163.92
Change in Indebtedness during the financial year				
· Addition	-	854.56		854.56
· Reduction	-			
Net Change	-	854.56		854.56
Indebtedness at the end of the financial year				
i) Principal Amount	-	59989.33		59989.33
ii) Interest due but not paid	-	36029.15		36029.15
iii) Interest accrued but not due	-	-		-
Total (i+ii+iii)	-	96018.48		96018.48

**VI. Remuneration of Directors and Key Managerial Personnel**
**A. Remuneration to Managing Director, Whole-time Directors and / or Manager :**

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		Asif Khader	Mueed Khader	Mukkram Jan	
1.	Gross salary	1,000,000.00	1,000,000.00	1,000,000.00	3,000,000.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	-as % of profit	-	-	-	-
	-others,specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>1,000,000.00</b>	<b>1,000,000.00</b>	<b>1,000,000.00</b>	<b>3,000,000.00</b>

**B. Remuneration to other directors :**

Sl. No.	Particulars of Remuneration	Name of Director			Total Amount
1.	Independent Directors	-	-	-	-
	Fee for attending board / committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others,please specify	-	-	-	-
	<b>Total (1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.	Other Non-Executive Directors	-	-	-	-
	Fee for attending board / committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others,please specify	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Managerial Remuneration</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## C. Remuneration to key managerial personnel other than MD / Manager / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
1.	Gross salary	-	230689.00	-	230689.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	-as % of profit	-	-	-	-
	-others,specify....	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	-	230689.00	-	230689.00

## VII. Penalties / Punishment / Compounding of Offences :

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None
<b>B. DIRECTORS</b>					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None



## ANNEXURE - V

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transaction	NIL
c)	Duration of the contracts/arrangements/transaction	NIL
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
e)	Justification for entering into such contracts or arrangements or transactions'	NIL
f)	Date of approval by the Board	NIL
g)	Amount paid as advances, if any	NIL
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NIL





2. Details of contracts or arrangements or transactions at Arm's length basis.

SL No	Associated Enterprises	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements' or transactions'	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
1.	Systat Software Inc., U.S.	Export of Software	On Going					
2.	Systat Software GmbH, Germany	Export of Software	On Going					
3.	Systat Software UK Ltd.	Export of Software	On Going					

## CORPORATE GOVERNANCE REPORT

### Annexure to Directors' Report

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

#### Board of Directors:

The composition of the Board is as follows:

Promoter Group :	Non- Executive Directors :
Asif Khader	Richard Gall
Mukkaram Jan	Dr. Peter Ryser
Mueed Khader	

#### Details of Board Meetings held during the year:

The Board met 4 times during the year, as follows :

During the quarter ended 30 <sup>th</sup> June, 2014	29 <sup>th</sup> May, 2014
During the quarter ended 30 <sup>th</sup> September, 2014	14 <sup>th</sup> August, 2014
During the quarter ended 31 <sup>st</sup> December, 2014	13 <sup>th</sup> November, 2014
During the quarter ended 31 <sup>st</sup> March, 2015	13 <sup>th</sup> February, 2015

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

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

Name of the Director	Date of Appointment	No. of Board Meetings attended <sup>1</sup>	Whether attended last AGM	Membership in other Board <sup>2</sup>	Committees <sup>3</sup>	
					Membership	Chairmanship
Asif Khader	30 <sup>th</sup> April, 2002	4	Y	6	4	2
Mukkaram Jan	30 <sup>th</sup> April, 2002	4	N	7	1	-
Mueed Khader	30 <sup>th</sup> April, 2002	4	Y	6	2	1
Richard Gall	16 <sup>th</sup> May, 2002	4	Y	-	3	1
Dr. Peter Ryser	29 <sup>th</sup> March, 2005	4	N	-	1	-

#### Audit Committee :

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

- Review of audit with Statutory Auditors & Internal Auditors.
- Limited Review of quarterly accounts with Statutory Auditors.
- Review of annual financial statements with auditors and management before submission to the Board.
- Review of adequacy of internal control systems and internal audit function.
- Other matters as set out in the Listing Agreement and Section 177 of the Companies Act, 2013.

The Committee consists of the following Directors :

Richard Gall	-	Chairman
Asif Khader	-	Member
Dr. Peter Ryser	-	Member

<sup>1</sup>Attendance via web presentation and Telephone call has been considered as having attended the Board Meeting.

<sup>2</sup>Excludes any Foreign Companies.

<sup>3</sup>Membership in Audit Committee, Remuneration Committee, Investor Grievance Committee and Corporate Social Responsibility only considered.



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

Name of the Director	29 <sup>th</sup> May 2014	14 <sup>th</sup> Aug. 2014	13 <sup>th</sup> Nov. 2014	13 <sup>th</sup> Feb. 2015
Richard Gall	Yes	Yes	Yes	Yes
Asif Khader	Yes	Yes	Yes	Yes
Dr. Peter Ryser	Yes	Yes	Yes	Yes

The Statutory Auditors attended all the meetings.

#### Share Holder Grievance Committee:

The Company has a Shareholder Grievance Committee constituted as per Section 178 of the Companies Act, 2013 and as per requirements under Clause 49 of the Listing Agreement, to look into the grievances of investors. This Committee consists of Mr. Asif Khader and Mr. Mukkaram Jan. There were no unresolved grievances from the investors / shareholders as on March 31, 2015.

The Company has designated an email id exclusively for redressal of Investor Grievances, viz., investor.grievances@cranessoftware.com in compliance with clause 47(f) of the Listing Agreement for speedy redressal of investor grievances.

#### Nomination and Remuneration Committee:

The Board has constituted a 'Nomination and Remuneration Committee' under the provisions of Section 178 of the Companies Act, 2013 to finalize and propose the remuneration for Whole time Directors and Managing Director and to formulate policies for nomination and evaluation of key personnel. The committee consists of Mr. Asif Khader, Mr. Richard Gall and Mr. Mueed Khader. The committee met on 13th August, 2015 to consider terms to the Whole-time Directors and Managing Director. All the committee members were present for the meeting and no changes were proposed to the terms of remuneration. The Company pays remuneration by way of salary, perquisites and allowances and a commission to the Whole-time Directors and Managing Director.

#### For Non-Executive Directors

No fixed remuneration is paid to the Non-executive Directors, they are paid commission as a percentage of the net profits, as decided by the Board but within the limits set under the provisions of the Section 198 of the Companies Act, 2013. The payment of commission was approved by the shareholders at the AGM held on September 11, 2006. The basis of determining the specific amount of commission payable to these directors is related to their attendance at meetings, contribution at meetings as perceived by the Board and the extent of consultations with them outside the meetings.

No commission was paid out to the Non-executive Directors for the year under review.

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

#### Corporate Social Responsibility (CSR) Committee:

The CSR activities of the Company are focussed in the areas of Education, Healthcare, Environment and Community Development. The CSR Activities undertaken by the Company are in line with the CSR Policy and recommendation of the CSR Committee comprising of Mr. Mueed Khader, Mr. Asif Khader and Mr. Richard Gall. Since there has been no profit declared by the Company, there has been no expenditure on CSR activities in the Financial Year 2014-15.

#### Annual General Meetings:

Details of last three Annual General Meetings and the Special Resolutions passed there at are as under:

Date of AGM	Time	Venue	Special Resolutions passed
28 <sup>th</sup> September, 2012	10.00 a.m.	Shri Devaraj Urs Bhavan, No. 16-D, Millers Tank Bund Area, Vasanthanagar, Bangalore - 560052	NIL
30 <sup>th</sup> September, 2013	10.30 a.m.	Shri Devaraj Urs Bhavan, No. 16-D, Millers Tank Bund Area, Vasanthanagar, Bangalore - 560052	NIL
29 <sup>th</sup> September, 2014	10.30 a.m.	Shri Devaraj Urs Bhavan, No. 16-D, Millers Tank Bund Area, Vasanthanagar, Bangalore - 560052	NIL

For AGM 2015, the Company does not have any proposal for postal ballot.



**Disclosures:**

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

**Insider Trading:**

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a code of conduct for prevention of insider trading and the required disclosure practices. In addition, the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information has been formulated by the Board of Directors and is available on the website of the Company for download.

**Whistle Blower mechanism:**

The Company has a whistle blower policy, which provided the vigil mechanism for reporting with reliable information on any improper or unethical practices or actions which as violative (actual or potential) of the code of the Company by any employee or others dealing with the Company. It also addresses the protection of whistle blower who makes protected disclosures under the policy and provides for direct access to the Chairman of the Audit Committee.

The policy and the mechanism for reporting has been appropriately communicated across all locations of the Company.

During the year, no instance was reported under this policy.

**Means of Communication:**

The quarterly results are published generally in "Business Standard" & "Sanjevani" (Kannada). The results are also updated on the corporate website ([www.cranessoftware.com](http://www.cranessoftware.com)). The quarterly results and the shareholding pattern are uploaded to the company website as well as the websites of the Stock Exchanges.

**GENERAL SHAREHOLDER INFORMATION**

A	30th Annual General Meeting	
	Date and Time	30th September, 2015 at 10:30 AM
	Venue	Sri Devaraj Urs Bhavan, No.16-D, Miller Tank Bund Area, Vasanthnagar, Bangalore - 560 052
B	Financial Calendar	
	Audited Annual Results - F Y 2014-15	29th May, 2015
	Unaudited results for the quarter ending June 30, 2015	14th August, 2015
	Unaudited results for the quarter ending September 30, 2015	Second week of November, 2015
	Unaudited results for the quarter ending December 31, 2015	Second week of February, 2016
	Audited Annual Results - F Y 2015-16	Last week of May, 2016
C	Book closure date	25th September, 2015 to 30th September, 2015
D	Dividend payment date	No Dividend declared
E	Listing of Equity shares	
	Name and Address of Stock Exchange	Stock Code
	Bombay Stock Exchange Ltd. (BSE)	512093
	P J Towers, Dalal Street, Mumbai - 400001	
	National Stock Exchange Ltd. (NSE)	CRANESSOFT - EQ
	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400051	Trading of shares currently suspended
	The Listing Fee has been paid to all the Stock Exchanges	
F	Website of the Company	<a href="http://www.cranessoftware.com">www.cranessoftware.com</a>
G	Registrar and Transfer Agents	M/s Integrated Enterprises (India) Ltd (formerly known as Alpha Systems Pvt Ltd - since merged), No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003
H	Demat ISIN Number allotted to the Company	INE234B01023



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

#### Share Price Data:

The Share price data on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) during the financial year 2014-15 is given below:

Month	BSE	
	High (Rs.)	Low (Rs.)
Apr - 2014	4.32	3.70
May - 2014	4.32	3.33
Jun - 2014	4.37	3.49
Jul - 2014	4.15	3.15
Aug - 2014	4.98	3.02
Sep - 2014	4.15	3.26
Oct - 2014	3.74	2.96
Nov - 2014	3.60	2.98
Dec - 2014	6.35	3.01
Jan - 2015	6.70	3.85
Feb - 2015	4.25	3.18
Mar - 2015	3.49	2.52

Trading of shares was suspended on the NSE effective September 2, 2010, due to non-compliances by the Company during the year, which have largely been addressed by the Company.

#### Registrar & Transfer Agents:

Share Transfer work is being done by M/s Integrated Enterprises (India) Ltd (formerly known as Alpha Systems Pvt Ltd - since merged), No.30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003 who are SEBI registered Registrars & Transfer Agents for both physical and demat shares.

#### Share Transfer System:

The power to approve transfer of shares has been delegated by the Board to the Share Transfer Committee. Share transfers are processed within 15 days from their receipt.

#### Secretarial Audit:

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

#### Compliance with Corporate Governance Norms:

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

A Certificate from the Managing Director on the Financial Statements was placed before the Board.

The Company has complied with most mandatory requirements of Corporate Governance norms as enumerated in Clause 49 of the Listing Agreements with stock exchanges. The Company has not yet appointed a Woman Director as required by Clause 49 of the Listing Agreement. The women Director will also be an independent Director thereby fulfilling the requirements of the Composition of the Board of the Company. The Company is working with several potential candidates and will make the requisite announcement shortly. The Company has obtained a certificate from the statutory auditors of the Company regarding compliance with the other provisions of the above clause and the same is attached hereto.



Distribution of Shareholdings as on March 31, 2015:

Share Holding	Share Holders		Shares	
	Number	% of Total	Number	% of Total
(1)	(2)	(3)	(4)	(5)
Upto 500	23,295	62.62	50,88,160	4.32
501 - 1,000	5,853	15.73	50,48,108	4.29
1,001 - 2,000	3,611	9.71	57,99,317	4.92
2,001 - 3,000	1,388	3.73	36,60,591	3.11
3,001 - 4,000	675	1.81	24,76,665	2.10
4,001 - 5,000	619	1.66	29,63,031	2.52
5,001 - 10,000	951	2.56	72,27,565	6.14
10,001 & above	809	2.17	8,55,03,413	72.60
	37,201	100.00	11,77,66,850	100.00

Pattern of Share Holding as on March 31, 2015

Holder	% of Holding
Promoters	6.38%
Banks	14.08%
Insurance Companies	0.76%
FII	0.10%
Foreign Corporate Bodies / OCBs	0.07%
Bodies Corporate	20.11%
Resident	50.92%
Trust	0.00%
Clearing Members	1.01%
NRI	6.57%
Total	100.00

Dematerialisation of Shares :

The Company has entered into necessary agreements with NSDL & CDSL for dematerialization of shares held by investors. As of March 31, 2015 about 97% of the Company's shares are held in dematerialised form.

Office Locations :

The Company has its product development center, corporate office and various branches at Bangalore.

Address for Communication :

1. To the Company:  
Mr. P. Phaneendra  
Compliance Officer,  
Cranes Software International Ltd.  
# 2, Tavarekere, Bannerghatta Road, BTM Layout,  
1st Stage, 1st Phase, Bangalore - 560 029.
2. To the Registrar & Transfer Agent – for Share Transfers / Transmissions etc.  
Mr. Vijay Gopal  
Vice President  
Integrated Enterprises (India) Ltd  
(formerly known as Alpha Systems Pvt Ltd - since merged)  
No. 30, Ramana Residency  
4th Cross, Sampige Road  
Malleswaram, Bangalore – 560 003.



## AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,  
The Members of Cranes Software International Limited,

We have read the Report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by Cranes Software International Limited for the year ended 31st March 2015, as stipulated in clause 49 of the Listing agreement of the said company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination, conducted in the manner described in the "Guidance Note on certification of Corporate Governance" issued by the Institute of Chartered Accountants of India, was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and on the basis of our examination described above, the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreements, in all material respects, except the following:

1. With regard to the composition of the Board of Directors, the requirement for having at least one half the Board of Directors of the Company consisting of Independent Directors in terms of paragraph II A of Clause 49 of the above mentioned Listing Agreement falls short by one Independent Director.
2. Appointment of woman director as per the second proviso to section 149(1) of the Companies Act 2013.

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

For S.JANARDHAN & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 005310S

Bengaluru  
May 29, 2015

Vijay Bhatia  
Partner  
Membership No.201862



## INDEPENDENT AUDITOR'S REPORT

To the members of CRANES SOFTWARE INTERNATIONAL LIMITED

1. We have audited the accompanying standalone financial statements of Cranes Software International Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncement 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.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Basis for Qualified Opinion

7. The attached Balance Sheet as at 31st March, 2015 is drawn on the basis of the Principle of 'Going Concern'. We opine as follows in this connection :
  - 7.1 An advance of Rs. 23,958.53 lakhs is due from a party for an inordinate period and in our opinion recovery of the same is doubtful. However, the company continues to classify such amounts as 'Good'. However, no evidence has been given to us to consider those amounts as recoverable as on the date of Balance Sheet.
  - 7.2 Attention of the members is invited to note 3.11 of the Notes regarding recognition of deferred tax credit on account of unabsorbed losses and allowances aggregating to Rs.26,965.82 lakhs (year ended March





31, 2014 Rs. 22,559.89 lakhs). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Accounting Standard 22.

- 7.3 Reference is drawn to note no. 3.33 of the Notes regarding the amounts classified under "Fixed Assets" including "Intangible Assets Under Development" amounting to Rs. 32,252.28 lakhs. No evidence has been produced before us for testing its impairment and in the absence of the same, we are unable to express any opinion on the impairment to such asset. In our opinion, such test of impairment as on the date of Balance Sheet is mandatory, especially in view of the higher degree of the obsolescence of software which is stated to be under various stages of development, though no further developments have been carried out during the recent years.
- 7.4 The appropriateness of the 'Going Concern' concept based on which the accounts have been prepared is interalia dependent on the Company's ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations.
- 8 We further report that, except for the effect, if any, of the matters stated in paragraphs 7.3 above, whose effect are not ascertainable, had the observations made in paragraphs 7.1 and 7.2 above been considered, the loss after tax for the year ended March 31, 2015 would have been higher by Rs. 50,924.36 lakhs.

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matters expressed in Basis for Qualified opinion and Emphasis of matter paragraph the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2015, its loss and its cash flows for the year ended on that date.

#### Emphasis of Matter

1. Redemption of Foreign currency convertible bond amounting to Rs. 28,354.20 lakhs (42 million Euros) to the holders of the bonds have fallen due during April 2011 and is yet to be redeemed as on the date of Balance Sheet. A winding up petition has been filed by the trustees of the Foreign Currency Convertible Bond holders against the Company, before the Hon'ble High Court of Karnataka for non-payment of principal and the accrued interest thereon.
2. Term loans and working capital loans availed by the company from various banks amounting to Rs. 58,550.95 lakhs, which includes an amount of Rs. 4,425.04 lakhs taken over by an Asset Reconstruction Company, remain unpaid and are overdue since 2009. The lenders have filed cases before the Debt Recovery Tribunal (DRT) / Hon'ble Courts, etc for recovery of dues. These proceedings are in various stages of disposal before the "DRT" and respective Hon'ble Courts. Winding up petitions have been filed by Canara Bank and Bank of India against the company, before the Hon'ble High Court of Karnataka for non-payment of principal and the accrued interest thereon.
3. SBI Capital, a Creditor, has initiated a winding up petition against the company, before the Hon'ble High Court of Karnataka for non-payment of its dues.
4. In our opinion the securities provided to Banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet.
5. We would like to draw the attention of the members to note no. 3.27 of the financial statements regarding default of payments to various statutory authorities.
6. We further draw attention on the following non compliances under the Companies Act, 2013 and rules thereon
  - a. Non-appointment of Woman Director as required under the second proviso to Section 149(1) of the said Act.
  - b. Non-appointment of Chief Financial Officer as required under section 203 of the said Act.
  - c. The Company has drawn and utilised an amount Rs. 43.77 lakhs from the 'CSIL Employees Compre-



hensive Gratuity Trust' fund for the purpose not intended in terms of 'The Payment of Gratuity Act, 1972'. (See note No. 3.05 of the Financial Statements)

Our Report is not qualified in respect of the above matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2015 ("the order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, except for the matters expressed in paras 7.2 and 7.3 of the Basis for Qualified opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) In our opinion, the qualifications and matters specified in the "Emphasis of Matter" paragraph, may have an adverse effect on the functioning of the Company.
  - (f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 3.27 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. The Company has not transferred an amount of Rs. 3.93 Lakhs, which is required to be transferred to the Investor Education and Protection Fund.

For S.JANARDHAN & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 005310S

Bengaluru  
May 29, 2015

Vijay Bhatia  
Partner  
Membership No.201862



## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditor's report to the members of Cranes Software International Limited ('the Company') on the standalone financial statements for the year ended on 31st March 2015.

We report that:

- i)
  - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- ii)
  - (a) In our opinion and according to the information and explanations given to us, the management has conducted the physical verification of inventory at reasonable intervals during the year under review.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) According to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventory and no material discrepancies were noticed on their physical verification.
- iii)
  - (a) The Company has in the past granted interest free loans to its subsidiary companies covered in the register maintained under section 189 of the Companies Act, 2013. However, the Company has not granted any loan, secured or unsecured, to firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
  - (b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, paragraph 3(iii)(b) of the Order is not applicable to the Company in respect of repayment of the principal amount.
  - (c) There are no overdue amounts of more than rupees one lakh in respect of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act.
- 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 the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- v) The company has not raised any deposits from public as covered by provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed thereunder.
- vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- vii)
  - (a) On Examination of the books of accounts and other records of the Company we report that the company has defaulted in depositing its undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Customs duty, and Cess with the appropriate authorities. The following statutory liabilities are pending for payment for a period of more than six months from the date they became payable:

(Rs. In Lakhs)

Name of the Statute	Nature of dues	Amount to be paid
Employee's Provident Fund & Miscellaneous Provision Act	Provident Fund	12.19
Employees State Insurance Act	ESI	3.85
Income Tax Act	Withholding Taxes	271.27
Finance Act	Service Tax	184.49
Commercial Taxes Act	Sales Tax/Value Added Tax	71.26
Income Tax Act	Self Assessment Tax	89.02
Wealth Tax Act	Wealth Tax	0.88
Income Tax Act	Dividend Distribution Tax	273.88
Income Tax Act	Fringe Benefit Tax	0.41
Investor Education Protection Fund	Unclaimed Dividend	0.97

- (b) According to the information and explanations given to us, there are no disputed amounts as at 31<sup>st</sup> March 2015 in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Customs duty and Cess and other applicable statutory dues with the exception of the following:

(Rs. In Lakhs)

Name of the statute	Nature of dues	Amount	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	6728.44	2009-10	Income Tax Appellate Tribunal
Chapter V of the Finance Act, 1994	Service Tax	756.02	2004-05 to 2007-08	Customs, Excise and Service Tax Appellate Tribunal
Chapter V of the Finance Act, 1994	Service Tax	630.45	2008-09 to 2012-13	Commissioner, Service Tax, Bangalore
The Employees Provident Fund and Miscellaneous Provisions Act, 1972	Employer and Employee Provident Fund	51.87	1996-1997 to 2013-14	Assistant / Regional Provident Fund Commissioner
The Foreign Exchange Regulation Act, 1999	Penalty for Contravention of Section 42(1) of the FEMA, 1999	50.00	2006	Director, Directorate of Enforcement.

- (c) According to the information and explanations given to us, an amount of Rs. 3.93 Lakhs required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has not been transferred to such fund within time.
- viii) The Company has accumulated losses amounting to Rs. 12,600 lakhs as at March 31, 2015 which is more than 50% of its Net worth. The Company has also incurred cash losses of Rs. 3,733.89 lakhs in the current financial year ended on that date and incurred cash loss of Rs. 16,142.52 lakhs in the immediate preceding financial year.



- ix) There are defaults in repayment of dues to various financial institutions and banks as at the balance sheet date. The amount of defaults and the period are tabulated below

(Rs. In Lakhs)

Name of the Banks & financial institutions	Amount of default (including accrued interest)	Period of Default
Bank of India	25,555.83	From 2009 to Till Date
Canara Bank	8,050.43	From 2009 to Till Date
Industrial Development Bank of India	4,871.58	From 2009 to Till Date
State Bank of Mysore	4,186.97	From 2009 to Till Date
Bank of India	5,994.76	From 2009 to Till Date
State Bank of Travancore	5,466.33	From 2009 to Till Date
Jammu and Kashmir Bank Limited	1,951.06	From July 2013 to Till Date

- x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- xii) During the course of our examination of the books of accounts carried on in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year nor have been informed of such case by the management.

For S.JANARDHAN & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 005310S

Bengaluru  
May 29, 2015

Vijay Bhatia  
Partner  
Membership No.201862



## BALANCE SHEET

AS AT MARCH 31, 2015

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2015	March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share capital	3.01	235,533,700	235,533,700
(b) Reserves and surplus	3.02	(1,259,969,831)	(904,750,739)
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	3.03	-	107,929,698
(b) Long-term provisions	3.04	5,648,164	7,243,054
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	3.05	4,377,761	87,671,908
(b) Trade payables	3.06	127,144,904	121,341,272
(c) Other current liabilities	3.07	12,801,858,684	12,272,840,458
(d) Short-term provisions	3.08	8,245,605	45,124,276
<b>TOTAL</b>		<b>11,922,838,987</b>	<b>11,972,933,628</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	3.09	133,579,879	179,727,874
(ii) Intangible assets		845,769,774	1,121,346,534
(iii) Intangible assets under development		2,245,878,313	2,245,878,313
(b) Non-current investments	3.10	800,917,790	800,917,790
(c) Deferred tax assets (net)	3.11	2,696,582,300	2,255,989,400
(d) Long term loans and advances	3.12	1,832,888,525	1,956,622,858
<b>(2) Current Assets</b>			
(a) Inventories	3.13	5,123,220	5,010,500
(b) Trade receivables	3.14	886,939,712	804,253,708
(c) Cash and bank balances	3.15	7,129,499	11,756,890
(d) Short-term loans and advances	3.16	2,468,029,975	2,591,429,761
<b>TOTAL</b>		<b>11,922,838,987</b>	<b>11,972,933,628</b>
Significant accounting policies and notes to the accounts	2 & 3		

As per our report of even date  
For S.Janardhan & Associates  
Chartered Accountants  
Firm Registration No. 005310S

For and on behalf of the Board

Vijay Bhatia  
Partner  
Membership No. 201862

Asif Khader  
Managing Director

Mueed Khader  
Director

P. Phaneendra  
Company Secretary

Bengaluru  
May 29, 2015

Bengaluru  
May 29, 2015



## STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2015

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2015	March 31, 2014
Revenue from operations	3.17	137,011,263	197,325,549
Other income	3.18	723,226,391	72,969,028
Total Revenue		860,237,653	270,294,577
<b>Expenses:</b>			
Cost of materials consumed			
Purchase of stock-in-trade		18,255,341	36,238,294
Changes in inventories of stock-in-trade	3.19	(112,720)	2,717,234
Employee benefits expenses	3.20	70,120,448	83,477,227
Finance costs	3.21	1,109,772,101	947,092,529
Depreciation and amortization expenses	3.22	142,649,031	303,941,831
Other expenses	3.23	31,978,300	1,511,554,533
Total Expenses		1,372,662,500	2,885,021,648
Loss before exceptional and extraordinary items and tax		(512,424,847)	(2,614,727,071)
Exceptional Items	3.24	(3,613,882)	11,039,651
Loss before extraordinary items and tax		(516,038,729)	(2,603,687,420)
Extraordinary Items	3.25	-	685,493,289
Loss before tax		(516,038,729)	(1,918,194,132)
<b>Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		(382,282,900)	(931,012,500)
(3) Tax adjustment of earlier years		583,131	12,589,879
(4) MAT Credit Entitlement Reversed		99,500,000	-
Loss for the period		(233,838,960)	(999,771,511)
<b>Earning per equity share:</b>			
(Nominal Value per Share Rs. 2)			
(1) Basic / Diluted (excluding extra ordinary items, net of tax expenses)		(1.99)	(14.31)
(2) Basic / Diluted (including extra ordinary items)		(1.99)	(8.49)
Significant accounting Policies and notes to the accounts	2 & 3		

As per our report of even date  
For S.Janardhan & Associates  
Chartered Accountants  
Firm Registration No. 005310S

For and on behalf of the Board

Vijay Bhatia  
Partner  
Membership No. 201862

Asif Khader  
Managing Director

Mueed Khader  
Director

P. Phaneendra  
Company Secretary

Bengaluru  
May 29, 2015

Bengaluru  
May 29, 2015



## STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2015

(Amount in Rupees)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Cash flows from Operating Activities		
Net profit/(loss) before taxation & extraordinary items	(516,038,729)	(2,603,687,420)
Adjustments for:		
Profit / (Loss) on sale of investments / assets	-	(93,752)
Foreign exchange loss / (gain) (net)	(701,813,471)	327,791,107
Depreciation and amortization	142,649,031	303,941,831
Dividend / interest income (net)	(14,490,821)	(8,602,372)
Provision for bad debts	-	1,143,560,000
Interest expense on borrowings	1,109,772,101	947,092,529
Operating profit/(loss) before working capital changes	20,078,111	110,001,923
Adjustments for working capital		
Inventories	(112,720)	2,717,233
Trade receivables	(57,162,227)	2,819,994
Short term loans and advances	23,899,787	35,292,383
Current liabilities	199,861,013	(638,658,429)
Cash generated from operations	186,563,963	(487,826,896)
Adjustments for		
Direct taxes paid	-	-
Net cash from Operations before extraordinary items	186,563,963	(487,826,896)
Extraordinary items	-	685,493,289
Net cash generated from Operating Activities	186,563,963	197,666,393
Cash flows from Investing Activities		
Purchase of fixed assets / increase in work in progress	(614,410)	51,928,095
Dividend / interest received	14,490,821	8,602,372
Proceeds from sale of fixed assets	-	1,320,000
Net cash from Investing Activities	13,876,411	61,850,467
Cash flows from Financing Activities		
Interest on borrowed funds	(2,736,143)	(36,646,944)
Borrowings	(192,455,692)	(98,065,836)
Long term loans and advances	28,597,632	(147,317,756)
Long term / short term provisions	(38,473,561)	21,562,991
Net cash from Financing Activities	(205,067,764)	(260,467,544)
Net increase/(decrease) in Cash and Cash Equivalents	(4,627,391)	(950,685)
Opening cash and cash equivalents	11,756,890	12,707,575
Less: Exchange Fluxctuation		
Closing cash and cash equivalents	7,129,499	11,756,890

As per our report of even date  
For S.Janardhan & Associates  
Chartered Accountants  
Firm Registration No. 005310S

For and on behalf of the Board

Vijay Bhatia  
Partner  
Membership No. 201862

Asif Khader  
Managing Director

Mueed Khader  
Director

P. Phaneendra  
Company Secretary

Bengaluru  
May 29, 2015

Bengaluru  
May 29, 2015





## 1. BACKGROUND

Cranes Software International Limited (CSIL) was incorporated on 22nd December, 1984. CSIL is a Company that provides enterprise statistical analytics and engineering simulation software products and solutions across the globe. Presently, CSIL has developed IP's and products in data Integration & visualization, engineering simulations, graphing, plotting and designing modules. The Company is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Germany and Singapore.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation of financial statements

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

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates & assumptions that affect the reported balance of assets & liabilities and disclosures relating to contingent assets & liabilities as on the date of financial statement and reported amounts of income & expenditure during the period. Actual results could differ from these estimates, differences if any between the actual results and estimates are recognized in the period in which the results are known or materialized.

Presentation and disclosure of financial statements during the year ended March 31, 2015 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Company for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

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

### 2.2 Use of estimates

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

### 2.3 Revenue recognition

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

#### 2.4 Cash flow statement

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

#### 2.5 Fixed assets and capital work-in-progress

- (i) Fixed assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.
- (ii) Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date the fixed asset is ready for its intended use, is capitalized.

#### 2.6 Intangible assets

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

#### 2.7 Research and development

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

#### 2.8 Depreciation and amortization

- (i) Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.
- (ii) Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013.



Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets which are equal to useful lives and residual values specified in Schedule II. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets.

- (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.

## 2.9 Impairment of assets

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

## 2.10 Inventories

Inventories of the Company comprises of third party software products. Such software products are valued at cost or net realizable value, whichever is lower. The cost formula used is weighted average basis. Net realizable value is the estimated selling price in ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale. The cost of inventories is net of VAT credit.

## 2.11 Investments

- (i) Investments are either classified as current or non current based on the management's intention at the time of purchase.
- (ii) Non current investments are stated at cost less provision for diminution in the value of such investments. Diminution in value is provided for where the management is of the opinion that the diminution is of permanent nature.
- (iii) Current investments are carried at the lower of cost or fair value. Any reduction in carrying amount and any reversals of such reduction are charged or credited to the statement of profit & loss.
- (iv) Investments in foreign subsidiaries have been reflected at the exchange rates prevailing at the date of transactions.

## 2.12 Effect of exchange fluctuation on foreign currency transactions

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

recognized in statement of profit and loss.

## 2.13 Employees' retirement benefits

### (i) Post-employment benefit plans

Contributions to defined contribution retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the statement of profit and loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

### (ii) Short-term employee benefits

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

### (iii) Long-term employee benefits

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

## 2.14 Income Tax / Deferred Tax

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

### (ii) Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing difference originate. For this purpose the timing difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of profit and loss in the year of 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.

## 2.15 Provisions and Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the



obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### 2.16 Earnings per share

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

#### 2.17 Leases

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

#### 2.18 Derivative instruments and hedge accounting

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

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

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

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

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

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



### 3. NOTES ON ACCOUNTS

FOR THE YEAR ENDED MARCH 31, 2015

#### 3.01 SHARE CAPITAL

##### a) Break-up of shares

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
<b>AUTHORISED</b>		
165,000,000 (Previous Year 165,000,000) Equity Shares of Rs. 2/- each	330,000,000	330,000,000
2,00,000 (Previous Year 2,00,000) Preference shares of Rs.100/- each	20,000,000	20,000,000
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>		
117,766,850 (Previous year 117,766,850) Equity shares of Rs.2/- each fully paid up	235,533,700	235,533,700
<b>TOTAL</b>	<b>235,533,700</b>	<b>235,533,700</b>

The Company has only one class of shares referred to as equity shares having a par value of Rs. 2/- . Each holder of equity shares is entitled to one vote per share held.

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

Dividend, if approved, is payable to the shareholders in proportion to their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has not declared dividend during the year.

##### b) Reconciliation of number of shares

(Amount in Rupees)

Equity Shares	As at 31-03-2015		As at 31-03-2014	
	Number of Shares	Amount Rs.	Number of Shares	Amount Rs.
Balance as at the beginning of the year	117,766,850	235,533,700	117,766,850	235,533,700
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	117,766,850	235,533,700	117,766,850	235,533,700

The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date.

Details of equity shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding the balance sheet date is NIL:

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

Name of the Shareholder	As at 31-03-2015		As at 31-03-2014	
	Number of shares	% of shareholding	Number of shares	% of shareholding
IBC Knowledge Park Private Limited	12,784,740	10.86%	12,784,740	10.86%
Bank of India	11,291,723	9.59%	11,291,723	9.59%



## 3.02 RESERVES AND SURPLUS

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
(a) Securities Premium Account		
Opening balance	1,789,826,374	1,789,826,374
Add: Receipts during the year	-	-
Closing balance	1,789,826,374	1,789,826,374
(b) FCCB Premium Redemption Reserve		
Opening balance	240,000,000	240,000,000
Add: Transfer during the year	-	-
Closing balance	240,000,000	240,000,000
(c) General Reserve		
Opening balance	1,843,000,000	1,843,000,000
Add: Transfer during the year	-	-
Closing balance	1,843,000,000	1,843,000,000
(d) Balance in profit and loss account		
Opening balance	(4,777,577,113)	(3,777,805,602)
Add / (Less) : Current year loss	(233,838,960)	(999,771,511)
Less: Adjustment related to fixed assets (Refer Note No. 3.09)	(121,380,132)	-
Closing balance	(5,132,796,205)	(4,777,577,113)
TOTAL	(1,259,969,831)	(904,750,739)

## 3.03 LONG TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Secured		
Term loans from Jammu and Kashmir Bank Limited	-	107,929,698
TOTAL	-	107,929,698

Term loans from Jammu and Kashmir Bank Limited is secured by hypothecation of current and fixed assets of the Company; Pledge of shares of wholly owned Subsidiary Systat Software Inc; Pari passu charge on property at Bannerghatta Road; Assignment of Intellectual Property Rights of Sigma Plot Product line and Systat; Personal Guarantee of Whole time Directors.

## 3.04 LONG TERM PROVISIONS

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Provision for Employee Benefits		
Provision for gratuity	4,771,581	6,082,972
Provision for compensated absence	876,583	1,160,082
TOTAL	5,648,164	7,243,054

**3.05 SHORT TERM BORROWINGS-UNSECURED**

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Cash Credit facilities from Banks		
Jammu & Kashmir Bank	-	87,671,908
Others		
CSIL Employees Comprehensive Gratuity Fund	4,377,761	-
<b>TOTAL</b>	<b>4,377,761</b>	<b>87,671,908</b>

1. The cash credit facility secured by third party guarantee.
2. Dues to CSIL Employees Comprehensive Gratuity Trust has arisen on result of amounts drawn from the Trust fund and utilised towards expenses of the Company.

**3.06 TRADE PAYABLES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Trade payables		
- Dues to micro, small and medium enterprises	-	-
- Others	127,144,904	121,341,272
(Refer Note No. 3.30 regarding disclosure as required under the provisions of MSMED Act)		
<b>TOTAL</b>	<b>127,144,904</b>	<b>121,341,272</b>

**3.07 OTHER CURRENT LIABILITIES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Current maturities of long-term debt		
- Jammu & Kashmir Bank Ltd	-	137,600,000
Bondholders of FCCB (42,000 units of 1,000/- Euros each fully paid up) (Refer Note No. 3.36)	2,835,420,000	3,468,213,000
Interest payable to FCCB Bondholders	664,704,714	645,933,256
Foreign Currency Term Loan from UPS Capital	48,786,736	45,103,682
Loans repayable on demand		
Unsecured		
- Term Loans from Banks		
Bank of India	2,555,582,709	2,229,578,639
International Assets Reconstruction Company Pvt. Ltd.	442,503,964	379,795,663
Canara Bank	805,043,116	553,565,580
Industrial Development Bank of India	487,158,315	410,476,309
State Bank of Mysore	418,697,179	367,664,592
Jammu and Kashmir Bank Limited	195,105,540	-
- Cash Credit facilities from Banks		
Bank of India	599,476,130	527,726,643
State Bank of Travancore	546,633,432	482,412,635
Unclaimed Dividend	326,827	623,871
Amounts due and payable to investor education and protection fund	393,690	96,646
Statutory dues (Including provident fund, withholding and other taxes) (Refer Note No. 3.28)	62,176,270	51,737,789
Directors' current account	365,162,122	365,162,122
Directors' remuneration payable	26,342,200	24,588,240
Employee benefits payable	143,133,516	142,346,179
Dues to related parties	78,559,231	14,042,593
Advance received from customers	3,224,621	3,800,992
Unpaid dividend distribution tax	27,388,281	27,388,281
Other advances	2,246,060,092	2,144,983,747
Advance received towards sale of asset	250,000,000	250,000,000
<b>TOTAL</b>	<b>12,801,858,684</b>	<b>12,272,840,458</b>





Defaults in repayment of Loans as at March 31, 2015

(Amount in Rupees)

PARTICULARS	Period of Default	Amount of Default		
		Principal	Interest	Total
Terms Loans from Banks				
Bank of India	From 2009 to Till Date	1,400,000,000	1,155,582,709	2,555,582,709
Canara Bank	From 2009 to Till Date	250,000,000	555,043,116	805,043,116
Industrial Development Bank of India	From 2009 to Till Date	220,000,000	267,158,315	487,158,315
State Bank of Mysore	From 2009 to Till Date	250,000,000	168,697,179	418,697,179
Jammu and Kashmir Bank Ltd.	From 2013 to Till Date	144,726,065	50,379,475	195,105,540
Cash Credit facilities from Banks				
Bank of India	From 2009 to Till Date	300,000,000	299,476,130	599,476,130
State Bank of Travancore	From 2009 to Till Date	300,000,000	246,633,432	546,633,432
Others				
International Assets Reconstruction Company Pvt. Ltd.		250,000,000	192,503,964	442,503,964

## 3.08 SHORT TERM PROVISIONS

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Provision for employee Benefits :		
Provision for gratuity	284,850	256,213
Provision for compensated absence	120,076	134,411
Provision for income tax (net of advance tax and TDS)	7,840,679	44,733,652
TOTAL	8,245,605	45,124,276

**3.09 FIXED ASSETS**

(Amount in Rupees)

Particulars	Gross Block				Depreciation				Net Block		
	Cost as on April 1, 2014	Additions	Deletions	Total as on March 31, 2015	Upto April 1, 2014	For the year	Adjustment towards Reserve	Withdrawn	Total upto March 31, 2015	As on March 31, 2015	As on March 31, 2014
<b>Tangible Assets</b>											
Land & Building	94,712,158	-	-	94,712,158	2,645,936	1,109,962	-	-	3,755,897	90,956,261	92,066,223
Furniture & Fixtures	71,774,032	-	-	71,774,032	38,514,104	9,083,999	939,320	-	48,537,423	23,236,609	33,259,928
Computers	124,509,248	321,969	-	124,831,217	115,217,538	3,498,953	(1,295,805)	-	117,420,687	7,410,530	9,291,710
Plant & Machinery	63,904,892	292,441	-	64,197,333	23,175,035	3,185,304	26,881,657	-	53,241,995	10,955,338	40,729,857
Vehicle	19,148,149	-	-	19,148,149	14,820,058	1,543,492	1,768,514	-	18,132,064	1,016,085	4,328,091
Technical Books	101,079	-	-	101,079	49,014	-	47,009	-	96,023	5,056	52,065
<b>Total A</b>	<b>374,149,558</b>	<b>614,410</b>	<b>-</b>	<b>374,763,968</b>	<b>194,421,684</b>	<b>18,421,710</b>	<b>28,340,695</b>	<b>-</b>	<b>241,184,089</b>	<b>133,579,879</b>	<b>179,727,874</b>
<b>Intangible Assets</b>											
Goodwill	596,500,000	-	-	596,500,000	-	-	-	-	-	596,500,000	596,500,000
Computer Software	4,995,312,014	-	-	4,995,312,014	4,470,465,480	124,227,321	151,349,438	-	4,746,042,238	249,269,774	524,846,534
<b>Total B</b>	<b>5,591,812,014</b>	<b>-</b>	<b>-</b>	<b>5,591,812,014</b>	<b>4,470,465,480</b>	<b>124,227,321</b>	<b>151,349,438</b>	<b>-</b>	<b>4,746,042,238</b>	<b>845,769,774</b>	<b>1,121,346,534</b>
<b>Total (A + B)</b>	<b>5,965,961,572</b>	<b>614,410</b>	<b>-</b>	<b>5,966,575,982</b>	<b>4,664,887,163</b>	<b>142,649,031</b>	<b>179,690,133</b>	<b>-</b>	<b>4,987,226,327</b>	<b>979,349,654</b>	<b>1,301,074,408</b>
Previous Year	5,511,985,816	455,554,050	1,578,295	5,965,961,572	4,361,297,379	303,941,831	-	352,046	4,664,887,163	1,301,074,408	1,150,688,437

Note: Pursuant to the enactment of companies Act 2013, the company has applied useful lives as specified in the Schedule II, except in respect of certain assets as disclosed in Accounting Policy on Depreciation, Amortisation and Depletion. Accordingly the unamortised carrying value is being depreciated/amortised over the revised/remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted net of tax, in the opening balance of Profit and Loss Account amounting to Rs. 1,177.70 Crores



## 3.10 INVESTMENT

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Long-Term : Trade Investment (Unquoted - at cost) Subsidiaries :		
Systat Software Inc. USA 974,166 Equity shares of face value USD 1/- each fully paid up (Previous year 974,166 Equity shares of face value USD 1/- each fully paid up)	185,117,768	185,117,768
Systat Software Asia Pacific Limited 380,000 Equity Shares of Rs.10/- each fully paidup (Previous year 380,000 Equity shares of Rs.10/- each fully paidup)	3,800,000	3,800,000
Systat Software GmbH-Germany 1 Equity Share of 25,000 Euros fully paidup (Previous year 1 Equity share of 25,000 Euros fully paidup)	1,447,500	1,447,500
Cranes Software International Pte Limited - Singapore 165,692 Equity shares of Singapore Dollars 1/- each fully paidup. (Previous year 165,692 Equity shares of Singapore Dollars 1/- each fully paid up)	4,430,582	4,430,582
Cranes Software Inc (erstwhile NISA Software Inc) 26,91,855 Equity shares of USD 1 each fully paid up (Previous year 26,91,885 Equity shares of USD 1 each fully paid up)	450,072,825	450,072,825
Tilak Auto Tech Private Limited 1,000 Equity Shares of Rs. 100/- each fully paid up (Previous Year - 1,000 Equity shares of Rs.100/- each fully paid up)	5,162,487	5,162,487
Analytix Systems Private Limited 20,000 Equity Shares of Rs. 10/- each fully paid up (Previous Year - 20,000 Equity shares of Rs.10/- each fully paid up)	63,000,000	63,000,000
Caravel Info Systems Pvt Ltd 1,20,000 Equity Shares of Rs. 10/- each fully paid up (Previous Year - 1,20,000 Equity shares of Rs.10/- each fully paid up)	36,233,187	36,233,187
Proland Software Pvt Ltd 4,840 Equity Shares of Rs. 100/- each fully paid up (Previous Year - 4,840 Equity shares of Rs.100/- each fully paid up)	31,889,280	31,889,280
Esqube Communication Solutions Private Limited 8,942 Equity shares of Rs.10/- each fully paid up (Previous Year - 8,942 Equity shares of Rs.10/- each fully paid up)	17,977,989	17,977,989
OTHERS		
Cranes Software Middle East LLC - UAE 147 Equity shares of UAE Dirham 1,000/- each fully paid up (Previous Year 147 Equity shares of UAE Dirham 1,000/- each fully paid up)	1,786,172	1,786,172
TOTAL	800,917,790	800,917,790

**3.11 DEFERRED TAX ASSETS (NET)**

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Deferred Tax Asset Attributable to :		
Brought forward losses	854,640,000	1,020,759,600
Provision for retirement benefits	2,982,700	2,942,900
Provision for Bad Debts	646,791,100	531,222,000
Expenses allowable on Payment basis	1,237,902,600	948,557,300
Less:		
Deferred Tax Liability Attributable to :		
Difference between book and tax depreciation	(45,734,100)	(247,492,400)
<b>TOTAL</b>	<b>2,696,582,300</b>	<b>2,255,989,400</b>

**3.12 LONG TERM LOANS AND ADVANCES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Unsecured, considered good		
Earnest money deposits	4,795,882	4,113,128
Other deposits	640,100	646,350
Rent deposits	560,000	686,000
Security deposits	119,598	432,030
Advance towards purchase of shares	9,048,000	5,400,000
Loans & Advances:		
- Related parties (Subsidiaries) (Net of Provisions)	1,817,724,944	1,945,345,350
<b>TOTAL</b>	<b>1,832,888,525</b>	<b>1,956,622,858</b>

**3.13 INVENTORY**

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Stock-in-trade	5,123,220	5,010,500
<b>TOTAL</b>	<b>5,123,220</b>	<b>5,010,500</b>

**3.14 TRADE RECEIVABLES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
<u>Debts overdue for a period exceeding six months</u>		
Unsecured, considered good		
From subsidiaries	718,327,480	666,174,128
From others	3,231,508,759	3,221,261,613
Less: Provision for doubtful debts	(3,117,300,000)	(3,117,300,000)
<b>(A)</b>	<b>832,536,239</b>	<b>770,135,740</b>
<u>Other Debts</u>		
Unsecured, considered good		
From Subsidiaries	42,937,851	20,857,351
From Others	11,465,622	13,260,618
<b>(B)</b>	<b>54,403,473</b>	<b>34,117,968</b>
<b>TOTAL (A + B)</b>	<b>886,939,712</b>	<b>804,253,708</b>



## 3.15 CASH AND BANK BALANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Cash and cash equivalents:		
Cash on hand	33,984	85,212
Bank Balances:		
In current accounts	1,574,314	342,894
Other Bank Balances:		
Balances with bank held as margin money with maturity of 3 to 12 months	4,795,850	10,603,533
Unpaid dividend account	725,351	725,251
TOTAL	7,129,499	11,756,890

## 3.16 SHORT TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Prepaid expenses	176,625	136,231
Advance to employee & Suppliers	8,000,149	5,377,543
MAT Credit Entitlement	64,000,000	163,500,000
Disputed tax payments	-	27,348,314
Other Loans and Advances	2,395,853,200	2,395,067,673
TOTAL	2,468,029,975	2,591,429,761

## 3.17 REVENUE FROM OPERATIONS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
(a) Sale of products		
- Hardware products	13,077,928	24,774,615
- Software licences	89,765,523	98,447,948
(b) Sale of services	34,167,812	74,102,986
TOTAL	137,011,263	197,325,549

## 3.18 OTHER INCOME

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
(a) Interest received	14,490,821	8,602,372
(b) Sundry creditors written back to the extent no longer required	1,170,587	63,391,674
(c) Exchange fluctuation gain	701,813,471	-
(d) Other income	4,170,924	1,590
(e) Excess provision for leave encashment reversed	297,834	-
(f) Provision for gratuity written back to the extent no longer required	1,282,754	973,393
TOTAL	723,226,391	72,969,028



## 3.19 CHANGES IN INVENTORIES OF STOCK-IN-TRADE

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
Stock at the end of the year	5,123,220	5,010,500
Stock at the beginning of the year	5,010,500	7,727,734
Increase / (Decrease) in stock	(112,720)	2,717,234

## 3.20 EMPLOYEE BENEFITS EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
Salaries and wages	63,729,455	74,801,434
Director remuneration	3,000,000	6,595,068
Contribution to provident and other funds	1,460,556	1,270,556
Staff welfare expenses	1,751,940	657,432
Leave encashment	178,497	152,737
TOTAL	70,120,448	83,477,227

## 3.21 FINANCE COSTS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
Interest on long term borrowings	2,736,143	36,646,944
Other borrowing costs	1,107,035,958	910,445,584
TOTAL	1,109,772,101	947,092,529

## 3.22 DEPRECIATION AND AMORTIZATION EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
Depreciation on Tangible Assets	18,421,710	13,425,496
Amortization on Intangible Assets	124,227,321	290,516,335
TOTAL	142,649,031	303,941,831



## 3.23 OTHER EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
Payment to auditor		
- As audit fee	600,000	600,000
- As reimbursement of expenses	19,400	39,300
Power and fuel	4,005,681	3,803,260
Rent	422,544	1,227,850
Repairs and maintenance		
- Machinery	48,088	53,670
- Others	1,446,429	1,236,564
Insurance	156,497	235,831
Rates and taxes, excluding taxes on income	552,502	145,964
Provision for bad and doubtful debts	-	1,143,560,000
Marketing expenses	575,375	1,568,075
Travelling and conveyance	7,530,400	3,718,364
Communication expenses	2,588,220	2,414,448
Exchange fluctuations (net)	-	327,791,107
Legal & professional charges	10,283,684	3,510,667
Miscellaneous expenses	3,749,478	21,649,434
TOTAL	31,978,300	1,511,554,533

## 3.24 EXCEPTIONAL ITEMS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
Prior period expenses	(3,613,882)	(2,057,767)
Prior period income	-	13,003,666
Profit on sale of assets	-	93,752
TOTAL	(3,613,882)	11,039,651

## 3.25 EXTRAORDINARY ITEMS

(Amount in Rupees)

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



3.26 EARNINGS PER SHARE

Particulars	For the Year March 31, 2015		For the Year March 31, 2014	
	Before Extraordinary Items	After Extraordinary Items	Before Extraordinary Items	After Extraordinary Items
(a) Basic				
Profit / (loss) after tax (in Rs.)	(233,838,960)	(233,838,960)	(1,685,264,799)	(999,771,511)
Weighted average number of shares outstanding	117,766,850	117,766,850	117,766,850	117,766,850
Basic EPS	(1.99)	(1.99)	(14.31)	(8.49)
(b) Diluted				
Profit / (Loss) after tax (in Rs.)	(233,838,960)	(233,838,960)	(1,685,264,799)	(999,771,511)
Adjusted net profit for the year	(233,838,960)	(233,838,960)	(1,685,264,799)	(999,771,511)
Weighted average number of shares outstanding for diluted EPS	117,766,850	117,766,850	117,766,850	117,766,850
Diluted EPS	(1.99)	(1.99)	(14.31)	(8.49)
Face value per share (in Rs.)	2.00	2.00	2.00	2.00

3.27 CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Claims against the Company not acknowledged as debts		
(a) Income tax matters	672,844,163	1,000,667,009
(b) Service tax matters	138,647,868	138,647,868
(c) Guarantees and Counter Guarantee	4,795,850	10,603,533
(d) Directorate of Enforcement	5,000,000	-
(e) Employees Provident Fund	5,186,747	-
(f) Others	5,515,000	5,515,000
TOTAL	831,989,628	1,155,433,410

UNDISPUTED STATUTORY DUES REMAINING UNPAID AS AT MARCH 31, 2015

(Amount in Rupees)

Name of the Statute	Nature of dues	Total Liability as at	
		31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Employee's Provident Fund & Miscellaneous Provision Act	Provident Fund	2,716,746	3,189,932
Commercial Taxes Act	Professional Tax	29,800	21,550
Employees State Insurance Act	ESI	423,278	339,617
Income Tax Act	Withholding Taxes	29,175,963	25,662,839
Finance Act	Service Tax	18,119,697	15,614,917
Karnataka State Commercial Taxes Act	Sales Tax/Value Added Tax	8,283,725	6,863,725
Income Tax Act	Self Assessment Tax	12,373,293	69,696,284
Wealth Tax Act	Wealth Tax	88,000	88,000
Income Tax Act	Dividend Distribution Tax	27,388,281	27,388,281
Income Tax Act	Fringe Benefit Tax	41,304	41,304
Investor Education Protection Fund	Unclaimed Dividend	393,690	96,646





CASES FILED AGAINST THE COMPANY FOR RECOVERY OF DUES AND PENDING FOR DISPOSAL BEFORE VARIOUS COURTS

(Amount in Rupees)

Name of Institution	Amount of Claim	In which Forum
A. Under Section 434 of Companies Act, 1956		
1. Bank of New York (Trustee of Foreign Currency Convertible Bondholders)	2,835,420,000	High Court, Karnataka
B. Under Section 138 of Negotiable Instruments Act, 1881		
1. Allahabad Bank	250,000,000	} Metropolitan Court, Bangalore
2. State Bank of Mysore	250,000,000	
3. Canara Bank	250,000,000	
C. Under Debt Recovery Act, 1993		
1. Canara Bank	293,337,614	} Debt Recovery Tribunal
2. Bank of India	1,968,848,034	
3. State Bank of Mysore	250,000,000	
4. State Bank of Travancore	321,230,671	
5. IDBI Bank	221,143,301	
6. International Asset reconstruction Company (Assigned from Allahabad Bank)	271,700,836	

3.28 ACTIVITIES IN FOREIGN CURRENCY

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Earnings in Foreign Currency – FOB value of exports	71,419,703	76,406,981
Expenditure incurred in Foreign Currency	161,125,734	170,300,017
Trading Goods (valued on CIF basis)	196,686	40,244
Travelling, Boarding & Lodging Expenses	65,673	215,890
Marketing Expenses	-	151,065
Consultancy Fee	7,398,197	-
Interest	153,452,880	169,746,361
Others	12,299	146,457

3.29 TRADE RECEIVABLES INCLUDE, DUES FROM SUBSIDIARY COMPANIES AS UNDER

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Dunn Solutions Group Inc	13,742,068	13,195,371
Systat Software Inc, USA	743,217,846	672,501,055
Systat Software GmbH,	2,970,365	-
Proland Software Pvt. Ltd.	1,335,052	1,335,052
TOTAL	761,265,331	687,031,478

**3.30 DUES TO MICRO AND SMALL ENTERPRISES**

(Amount in Rupees)

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

The above information is prepared based on the information available with the Management.

3.31 In the opinion of Board of Directors, all assets, investments have atleast the value as stated in the Balance Sheet, if realised in the ordinary course of business

3.32 Provision for Bad debts recognised in the statement of profit and loss includes as amount of Rs. Nil (Previous year Rs. 15.62 Crores) written off by a subsidiary.

**3.33 IMPAIRMENT OF ASSETS**

Pursuant to Accounting Standard AS 28 : Impairment of Assets issued by the Companies Accounting Standard Rules, 2006, the company assessed its fixed assets for impairment as at 31st March 2015 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.

**3.34 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY INSTRUMENTS**

Foreign currency exposure that are not hedged by derivative or forward contracts as on 31st March 2015 amounts to Rs.6,459,348,885/- ( Previous Year : Rs. 7,29,21,81,042/- )



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

(Amount in Rupees)

PARTICULARS	CURRENCY	Current Year	Previous Year
Receivables	US Dollars	33,063,663	32,221,415
	Euro	11,535,290	13,449,869
	Sterling Pound	174,698	83,385
	Arab Emirates Dhiram	295,338	295,338
	Singapore Dollar	641,856	633,796
Payables	US Dollars	997,194	975,000
	Euro	51,815,488	50,147,158
	Australian Dollar	6,268	42,768
	Singapore Dollar	1,236	1,236
		recognised @ Rs	recognised @ Rs
	US Dollars	62.59	60.10
	Euro	67.51	82.58
	Sterling Pound	92.46	99.85
	AED	17.02	16.27
	AUD	48.08	55.26
	SGD	45.50	47.45

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

### 3.36 FOREIGN CURRENCY CONVERTIBLE BONDS

The Foreign Currency Convertible Bonds carry coupon rate of 2.50%, payable half yearly. In case of default of payment of interest the coupon rate stands increased to 4.80%.

During March 2011, the convertible foreign currency bonds had become due for conversion to Equity Shares and none of the bond holders have exercised their option for conversion. Correspondingly, the amounts had become due for payment as on the closure of such exercise and is yet to be redeemed as on the date of the balance sheet.

**3.37 LOANS AND ADVANCES INCLUDES, DUES FROM COMPANIES UNDER THE SAME MANAGEMENT, AS UNDER**  
(Disclosure required by Clause 32 of the Listing Agreement)

(Amount in Rupees)

PARTICULARS	Current Year	Maximum Amount outstanding during the year	Previous Year	Maximum Amount outstanding during the previous year
Cranes Software International Pte Ltd-Singapore	96,497,828	96,497,828	94,026,909	93,885,674
Cranes Software Inc	291,632,623	295,080,589	280,030,686	292,517,912
Tilak Auto Tech Pvt. Ltd	-	-	20,219,041	20,219,041
Systat Software GmbH	717,848,391	833,897,842	833,897,842	1,056,577,179
Systat Software Inc USA (Net of Provision)	598,932,516	764,077,785	561,123,676	725,603,099
Proland Software Pvt Ltd	44,485,018	67,121,853	62,449,236	62,449,236
Esqube Communication Solutions Pvt. Ltd.	-	23,839,058	23,653,178	23,653,178
Caravel Info Systems Pvt Ltd	-	-	2,201,842	14,547,464
Systat Software UK Ltd.	15,636,333	15,398,974	7,512,113	7,512,113
Cubeware GmbH	48,310,935	101,017,078	60,290,828	100,717,541
Dunn Solutions Groups Inc	4,381,300	4,381,300	-	-
<b>TOTAL</b>	<b>1,817,724,944</b>	<b>2,201,312,306</b>	<b>1,945,405,350</b>	<b>2,397,682,436</b>



## 3.38 DETAILS OF AUDITORS REMUNERATION

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Statutory Audit	600,000	600,000
Out of Pocket Expenses	19,400	39,300
TOTAL	619,400	639,300

## 3.39 GRATUITY &amp; LEAVE ENCASHMENT

(Amount in Rupees)

PARTICULARS	Current Year		Previous Year	
	Gratuity	Compensated absence	Gratuity	Compensated absence
(I) Change in Benefit Obligations:				
Projected Benefit Obligation, beginning of the year (April 1, 2014)	6,339,185		7,312,578	
Service Cost	592,714	996,659	722,339	1,294,493
Interest Cost	597,005		585,006	
Actuarial (gain) / loss on obligations	(5,209,179)		(2,280,738)	
Benefits (paid / Reversals)			-	
Projected Benefit Obligation, at the end of the year	2,319,725	996,659	6,339,185	1,294,493
(II) Change in Plan Assets:				
Fair value of Plan Assets, beginning of the year (April 1, 2014)	-		6,023,446	
Expected return on Plan Assets	-		-	
Employer's contributions	-		-	
Benefit paid	-		-	
Actuarial (gain) / loss on Plan Assets	-		-	
Fair value of Plan Assets, at the end of the year	-		6,023,446	-
Excess of (obligation over plan assets) / plan assets over Obligation	(2,319,725)		(315,739)	
(Accrued Liability) / Prepaid Benefit	(2,319,725)	(996,659)	(315,739)	(1,294,493)
(III) Net cost for the year ended March 31, 2015				
Service Cost	592,714		722,339	
Interest on Defined Benefit Obligation	597,005		585,006	
Expected return on Plan Assets			-	
Net Actuarial (gain) / loss recognized in the year			-	
Net Gratuity and other cost	1,189,719		1,307,345	
Actual Return on Plan Assets	-		-	
(IV) Category of Assets as at March 31, 2015				
Insurer Managed Funds	617,454		-	
Total	-		-	
(v) Assumptions used in accounting for the Gratuity Plan				
Discount Rate	9.35%	7.90	9.35%	9.35%
Salary escalation rate	4.00%	4.00	4.00%	4.00%
Expected rate of return on Plan Assets			-	-



3.40 OBLIGATIONS TOWARDS LONG TERM, NON-CANCELLABLE OPERATING LEASES

The Company has taken various offices, vehicles, computers, furniture and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry.

The rental expenses in respect of operating leases recognized in the statement of profit and loss are Rs. 4,22,544/- for the year ended March 31, 2015. (Previous year Rs. 12,27,850/-)

Lease rentals due for the period not exceeding period of 1 year	Rs. 1,06,908/-
Lease rentals due for the period 1 to 5 years	Nil
Lease rentals due for the period exceeding 5 years	Nil

3.41 RESEARCH & DEVELOPMENT

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



## 3.42 RELATED PARTY DISCLOSURES AS ASCERTAINED BY THE MANAGEMENT

Description of the nature of transaction	Description of Relationship	Related Party	(Amount in Rupees)	
			For the Year March 31, 2015	For the Year March 31, 2014
Sale of goods	Direct Subsidiary Direct Subsidiary Direct Subsidiary Indirect Subsidiary	Systat Software Inc Systat Software GmbH Proland Software Pvt. Ltd. Systat Software UK Ltd.	42,355,658 17,914,507 - 10,959,547	44,619,337 17,664,537 61,612 10,464,320
			71,229,713	72,809,806
Purchase of goods	Indirect Subsidiary	Engineering Technology Associates Inc	196,686	-
			196,686	-
Remuneration paid	Key Managerial Personnel	Asif Khader Mueed Khader Mukkaram Jan	1,000,000 1,000,000 1,000,000	2,400,000 2,097,534 2,097,534
			3,000,000	6,595,068
Salary Paid	Key Managerial Personnel	P. Phaneendra	230,689	216,699
			230,689	216,699
Loans given	Direct Subsidiary Direct Subsidiary Direct Subsidiary Direct Subsidiary Direct Subsidiary Indirect Subsidiary Indirect Subsidiary	Systat Software Inc Cranes Software Inc Cranes Software International Pte Ltd Esqube Communication Solutions Pvt Ltd Proland Software Pvt. Ltd. Dunn Solutions Group Inc Cubeware GmbH	14,447,061 - 1,054,630 - - 4,206,300 40,726,250	18,233,493 22,035,780 3,657,992 174,678 58,308,018 - -
			60,434,241	102,409,961

(Amount in Rupees)

Description of the nature of transaction	Description of Relationship	Related Party	As at	
			March 31, 2015	March 31, 2014
Trade Receivables				
	Direct Subsidiary	Systat Software Inc	743,217,846	672,501,055
	Direct Subsidiary	Systat Software GmbH	2,970,365	-
	Direct Subsidiary	Proland Software Pvt Ltd	1,335,052	1,335,052
	Indirect Subsidiary	Dunn Solutions Group Inc	13,742,068	13,195,371
			<u>761,265,331</u>	<u>687,031,478</u>
Payable at the year end				
	Direct Subsidiary	Analytix Systems Pvt Ltd	38,440,993	961,779
	Indirect Subsidiary	Dunn Solutions Groups Inc	-	4,808,000
	Indirect Subsidiary	Engineering Technology Associates Inc	667,719	449,849
	Direct Subsidiary	Caravel Info Systems Pvt Ltd	30,819,896	2,461,750
	Indirect Subsidiary	Tilak Autotech Pvt. Ltd.	2,634,086	-
	Direct Subsidiary	Systat Software Asia Pacific Ltd	5,327,215	5,361,215
	Key Management Personnel		365,162,122	365,162,122
			<u>443,052,032</u>	<u>379,204,715</u>
Receivable at the year end				
	Direct Subsidiary	Caravel Info Systems Pvt Ltd	-	2,201,842
	Direct Subsidiary	Cranes Software Inc	291,632,623	280,030,686
	Direct Subsidiary	Cranes Software International Pte Ltd	96,497,828	94,026,909
	Direct Subsidiary	Esquebe Communication Solutions Pvt. Ltd.	-	23,653,178
	Direct Subsidiary	Proland Software Pvt Ltd	44,485,018	62,449,236
	Direct Subsidiary	Systat Software GmbH	717,848,391	833,897,842
	Direct Subsidiary	Systat Software Inc	755,192,516	561,123,676
	Direct Subsidiary	Tilak Auto Tech Private Ltd.	-	20,219,041
	Indirect Subsidiary	Cubeware GmbH	48,310,935	60,290,828
	Indirect Subsidiary	Systat Software UK Ltd.	15,636,333	7,512,113
	Indirect Subsidiary	Dunn Solutions Groups Inc	4,381,300	-
			<u>1,973,984,944</u>	<u>1,945,405,350</u>





## List of Related Parties

Key Management Personnel	Direct Subsidiaries	Indirect Subsidiaries	Other related party
Mr. Asif Khader (Managing Director)	Systat Software Inc, USA	Dunn Solutions Group Inc, Engineering Technology Associates Inc with its subsidiary, Engineering Technology Associates (Shanghai) Inc, China	Orca Infotech Private Limited
Mr. Mukkaram Jan (Director)	Systat Software Asia Pacific Limited Cranes Software International Pte Ltd., Singapore	Cubeware GmbH and its subsidiaries in Austria and Switzerland	K & J Holdings Private Limited K & J Telecom Private Limited
Mr. Mueed Khader (Director)	Systat Software GmbH, Germany Cranes Software Inc	Dunn Solutions India Pvt Ltd Systat Software UK Ltd	Jansons Land & Property Development Pvt Ltd
Mr. P. Phaneendra (Company Secretary)	Analyix Systems Private Limited Tilak Auto Tech Private Limited Caravel Info Systems Pvt Ltd Proland Software Pvt Ltd Esquebe Communication Solutions Pvt Ltd		SPSS South Asia Private Limited Keysoft Solutions Private Limited Spice Capital Fund Private Limited Sea Equity Private Limited Samra Investment Bangalore Pvt Ltd SourceMajeure Software Pvt Ltd Predictive Analytics Solutions Pvt Ltd

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

**3.43 SEGMENT REPORTING**

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

Primary Segments- a) Exports  
b) Domestic

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

**PRIMARY SEGMENT INFORMATION - GEOGRAPHICAL SEGMENT**

(Amount in Rupees)

Sl. No.	Particulars	Current Year			Previous Year		
		Export	Domestic	Total	Export	Domestic	Total
1	Segment Revenue	71,229,713	65,781,550	137,011,263	76,406,981	120,918,568	197,325,549
2	Segment Results	(40,281,324)	(85,597,813)	(125,879,137)	(556,993,142)	(1,183,610,427)	(1,740,603,569)
	Other Income			723,226,391			72,969,028
	Operating Profit / (Loss)			597,347,254			(1,667,634,541)
	Interest Expenses			1,109,772,101			947,092,529
	Exceptional/extraordinary items			(3,613,882)			696,532,939
	Profit / (Loss) before tax			(516,038,729)			(1,918,194,130)
	Tax Expenses			282,199,769			918,422,621
	Profit / (Loss) after tax			(233,838,960)			(999,771,510)
3	Segments Assets	8,942,129,241	2,980,709,747	11,922,838,987	8,979,686,242	2,993,247,387	11,972,933,629
	Total Assets			11,922,838,987			11,972,933,629
	Segment liabilities	8,765,479,241	2,921,826,046	11,687,305,287	8,803,036,243	2,934,363,685	11,737,399,928
	Total Liabilities			11,687,305,287			11,737,399,928
	Segments Capital Employed (Segment Assets-Segment Liabilities)	176,650,000	58,883,700	235,533,700	176,650,000	58,883,700	235,533,700
4	Capital Expenditure	319,493	294,917	614,410	176,390,528	279,163,522	455,554,050
5	Depreciation	55,233,705	87,415,326	142,649,031	117,686,277	186,255,554	303,941,831

**SECONDARY SEGMENT INFORMATION - BUSINESS SEGMENT**

(Amount in Rupees)

Sl. No.	Particulars	Current Year		Previous Year	
		Proprietary products and services	Product Alliances	Proprietary products and services	Product Alliances
1	Segment Revenue	111,944,689	25,066,574	155,007,392	42,318,157
2	Segment Result	(102,855,843)	(23,023,294)	(1,721,683,209)	(18,920,361)
3	Segment Assets	10,731,747,373	1,191,091,615	10,776,837,559	1,196,096,070
4	Capital Expenditure	502,034	112,376	238,758,891	65,182,940



- 3.44 A Sum of Rs. 98.73 Crore has been provided in the books of accounts as provision for bad and doubtful debts for the financial year 2013-14. Application is made to the concerned statutory authority to writeoff these debts and their approval awaited.
- 3.45 Previous year's figures have been regrouped and reclassified wherever necessary to make them comparable.

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As per our report of even date  
For S.Janardhan & Associates  
Chartered Accountants  
Firm Registration No. 005310S

For and on behalf of the Board

Vijay Bhatia  
Partner  
Membership No. 201862

Asif Khader  
Managing Director

Mueed Khader  
Director

P. Phaneendra  
Company Secretary

Bengaluru  
May 29, 2015

Bengaluru  
May 29, 2015



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# CRANES SOFTWARE INTERNATIONAL LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS 2014-2015



## INDEPENDENT AUDITOR'S REPORT

To the members of  
CRANES SOFTWARE INTERNATIONAL LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Cranes Software International Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the consolidated Balance Sheet as at 31st March, 2015, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, (hereinafter referred to as 'the consolidated financial statements').

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountant Of India. Those Standards and pronouncement require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Qualified Opinion

In our opinion and subject to the qualifications reported in the standalone Independent Auditor's Report of the Holding Company of even date, to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at 31st March 2015, their consolidated loss, and their consolidated cash flows for the year ended on that date.

#### Emphasis of Matter

- i. Consolidated financial statements of the company include, "Compiled financials of Cranes Software International Pte Limited, Singapore and Systat Software GmbH" and are not audited as on 31st March 2015.
- ii. Our audit report has to be read along with the 'Emphasis of Matter' para as appearing in our Independent Auditor's Report of even date in respect of the standalone financials of Cranes Software International Limited.

Our Report is not qualified in respect of the above matter.

#### Other Matter

We did not audit the financial statements/financial information of subsidiaries, whose financial statements/financial information reflect total assets of Rs. 1,24,352.47 lakhs at 31st March 2015, total revenues of Rs. 36,763.65 lakhs as at the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors (except for those stated in para above) whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the management.

#### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.



- d. Except for the matters specified in the Independent Auditor's Report of the Holding Company of even date, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. In our opinion, the qualifications and matters specified in the 'Emphasis of Matter' paragraph, may have an adverse effect on the functioning of the Company.
- f. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the the Group companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in Note 3.28 to the consolidated financial statements.
  - ii) The Group does not have any material foreseeable losses in long-term contracts including derivative contracts;
  - iii) The Holding Company has not transferred an amount of Rs. 3.93 Lakhs, which is required to be transferred to the Investor Education and Protection Fund.

For S.JANARDHAN & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 005310S

Bengaluru  
May 29, 2015

Vijay Bhatia  
Partner  
Membership No.201862





## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditor's report to the members of Cranes Software International Limited ('the Company') on the standalone financial statements for the year ended on 31st March 2015.

We report that:

- i)
  - (a) The Group has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Group has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Group and the nature of its assets.
- ii)
  - (a) In our opinion and according to the information and explanations given to us, the management has conducted the physical verification of inventory at reasonable intervals during the year under review.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Group and nature of its business.
  - (c) According to the information and explanations given to us, we are of the opinion that the Group is maintaining proper records of inventory and no material discrepancies were noticed on their physical verification.
- iii)
  - (a) Except for the loans granted by the holding company to the subsidiary companies as reported in the annexure to Standalone Independent Auditor's Report, the Group has not granted any other loans to parties covered in the register maintained covered in the register maintained under section 189 of the Companies Act, 2013.
  - (b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, paragraph 3(iii)(b) of the Order is not applicable to the Company in respect of repayment of the principal amount.
  - (c) There are no overdue amounts of more than rupees one lakh in respect of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act.
- 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 Group and the nature of their business, with regard to the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- v) The Group has not raised any deposits from public as covered by provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed thereunder.
- vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Group.
- vii)
  - (a) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Sales Tax and Cess were in arrears as at 31st March 2015 for a period of more than six months from the date they became payable except in the following cases which is still due for payment:

(Rs. In Lakhs)

Name of the Statute	Nature of dues	Amount to be paid
Employee's Provident Fund & Miscellaneous Provision Act	Provident Fund	15.89
Commercial Taxes Act	Professional Tax	1.59
Employees State Insurance Act	ESI	4.53
Income Tax Act	Withholding Taxes	294.63
Finance Act	Service Tax	197.06
Commercial Taxes Act	Sales Tax/Value Added Tax	115.91
Income Tax Act	Self Assessment Tax	89.02
Wealth Tax Act	Wealth Tax	0.88
Income Tax Act	Dividend Distribution Tax	273.88
Income Tax Act	Fringe Benefit Tax	0.41
Investor Education Protection Fund	Unclaimed Dividend	0.97

- (b) According to the information and explanations given to us, there are no disputed amounts as at 31st March 2015 in respect of Provident Fund, Employees' state Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Customs duty and Cess and other applicable statutory dues with the exception of the following:

(Rs. In Lakhs)

Name of the statute	Nature of dues	Amount	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	6728.44	2009-10	Income Tax Appellate Tribunal
Chapter V of the Finance Act, 1994	Service Tax	756.02	2004-05 to 2007-08	Customs, Excise and Service Tax Appellate Tribunal
Chapter V of the Finance Act, 1994	Service Tax	630.45	2008-09 to 2012-13	Commissioner, Service Tax, Bangalore
The Employees Provident Fund and Miscellaneous Provisions Act, 1972	Employer and Employee Provident Fund	51.87	1996-1997 to 2013-14	Assistant / Regional Provident Fund Commissioner
The Foreign Exchange Regulation Act, 1999	Penalty for Contravention of Section 42(1) of the FEMA, 1999	50.00	2006	Director, Directorate of Enforcement.

- (c) Except for the non compliance reported in Standalone Independent Auditor's Report, the Group has transferred the amounts which were required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- viii) The Group has accumulated losses amounting to Rs 18,250 lakhs as at March 31, 2015 which is more than 50% of its Net worth. The Group has also incurred cash losses of Rs. 3,672.84 lakhs in the current financial year ended on that date and incurred cash loss of Rs. 15,697.47 lakhs in the immediate preceding financial year.



- ix) There are defaults in repayment of dues to some financial institutions and banks as at the balance sheet date. The amount of defaults and the period are tabulated below

(Rs. In Lakhs)

Name of the Banks & financial institutions	Amount of default (including accrued interest)	Period of Default
Bank of India	25,555.83	From 2009 to Till Date
Canara Bank	8,050.43	From 2009 to Till Date
Industrial Development Bank of India	4,871.58	From 2009 to Till Date
State Bank of Mysore	4,186.97	From 2009 to Till Date
Bank of India	5,994.76	From 2009 to Till Date
State Bank of Travancore	5,466.33	From 2009 to Till Date
Jammu and Kashmir Bank Limited	3147.85	From July 2013 to Till Date

- x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi) Based on information and explanations given to us by the management, term loans were applied for the purposes for which the loans were obtained.
- xii) During the course of our examination of the books of accounts carried on in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year nor have been informed of such case by the management.

For S.JANARDHAN & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 005310S

Bengaluru  
May 29, 2015

Vijay Bhatia  
Partner  
Membership No.201862



## CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2015

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2015	March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share capital	3.01	235,533,700	235,533,700
(b) Reserves and surplus	3.02	(1,825,028,304)	(1,303,108,138)
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	3.03	146,830,871	254,760,569
(b) Long-term provisions	3.04	7,464,329	9,054,544
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	3.05	134,564,961	147,771,908
(b) Trade payables	3.06	305,363,660	150,414,217
(c) Other current liabilities	3.07	13,422,272,590	12,547,824,559
(d) Short-term provisions	3.08	8,245,605	45,124,276
<b>TOTAL</b>		<b>12,435,247,412</b>	<b>12,087,375,635</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	3.09	153,245,582	202,194,328
(ii) Intangible assets		3,264,452,126	3,377,688,537
(iii) Intangible assets under development		2,468,003,013	2,769,067,945
(b) Non-current investments	3.10	1,786,172	1,786,172
(c) Deferred tax assets (net)	3.11	2,964,879,505	2,510,547,376
(d) Long term loans and advances	3.12	15,163,580	6,515,003
<b>(2) Current Assets</b>			
(a) Inventories	3.13	9,019,698	23,383,629
(b) Trade receivables	3.14	812,091,780	389,202,407
(c) Cash and bank balances	3.15	81,758,507	88,133,858
(d) Short-term loans and advances	3.16	2,664,847,449	2,718,856,380
<b>TOTAL</b>		<b>12,435,247,412</b>	<b>12,087,375,635</b>
Significant accounting policies and notes to the accounts	2 & 3		

As per our report of even date  
For S.Janardhan & Associates  
Chartered Accountants  
Firm Registration No. 005310S

For and on behalf of the Board

Vijay Bhatia  
Partner  
Membership No. 201862

Asif Khader  
Managing Director

Mueed Khader  
Director

P. Phaneendra  
Company Secretary

Bengaluru  
May 29, 2015

Bengaluru  
May 29, 2015



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2015

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2015	March 31, 2014
Revenue from operations	3.17	3,676,364,549	3,392,300,474
Other income	3.18	805,501,096	103,300,831
Total Revenue		4,481,865,645	3,495,601,305
<b>Expenses:</b>			
Cost of materials consumed		-	-
Purchases of stock-in-trade		1,903,269,640	1,619,533,049
Changes in inventories of stock-in-trade	3.19	7,854,973	2,717,234
Employee benefit expense	3.20	1,150,326,778	1,069,055,681
Financial costs	3.21	1,136,432,196	966,727,939
Depreciation and amortization expenses	3.22	307,847,432	437,957,493
Other expenses	3.23	642,202,023	2,101,636,869
Total Expenses		5,147,933,042	6,197,628,265
Loss before exceptional and extraordinary items and tax		(666,067,397)	(2,702,026,959)
Exceptional items	3.24	9,063,868	8,829,008
Loss before extraordinary items and tax		(675,131,265)	(2,693,197,951)
Extraordinary items (Net of Taxes)	3.25	-	685,493,289
Loss before tax		(675,131,265)	(2,007,704,662)
<b>Tax expense:</b>			
(1) Current tax		6,166,239	10,576,008
(2) Deferred tax		(385,645,844)	(988,591,440)
(3) Income tax for earlier year		809,033	-
(4) MAT Credit Entitlement Reversed		99,500,000	-
Loss for the period		(395,960,693)	(1,029,689,230)
Less: Share of minority interests			
Loss for the period		(395,960,693)	(1,029,689,230)
<b>Earning per equity share:</b>			
(1) Basic / Diluted excluding extraordinary items, net of tax expense		(3.36)	(14.56)
(2) Basic / Diluted including extraordinary items		(3.36)	(8.74)
Significant accounting policies and notes to the accounts	2 & 3		

As per our report of even date  
For S.Janardhan & Associates  
Chartered Accountants  
Firm Registration No. 005310S

For and on behalf of the Board

Vijay Bhatia  
Partner  
Membership No. 201862

Asif Khader  
Managing Director

Mueed Khader  
Director

P. Phaneendra  
Company Secretary

Bengaluru  
May 29, 2015

Bengaluru  
May 29, 2015



## STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2014

(Amount in Rupees)

PARTICULARS	Current year	Previous Year
Cash flows from Operating Activities		
Net profit / (loss) before taxation and extraordinary items	(675,131,265)	(2,693,197,952)
Adjustments for:		
Foreign exchange loss (Net)	(757,197,294)	139,738,609
Depreciation and amortization	307,847,432	437,957,493
Profit / (Loss) on sale of investments / assets	-	93,752
Interest expense on borrowings	1,136,432,196	966,727,939
Provision for bad debts	270,656	987,300,000
Dividend / interest income (Net)	(19,102,895)	(3,685,840)
Operating profit / (Loss) before working capital changes	(6,881,170)	(165,065,998)
Adjustments for working capital		
Inventory	14,363,931	(3,791,724)
Trade receivables	(397,636,252)	386,771,739
Short term loans and advances	54,008,931	(3,991,734)
Other current assets	-	-
Current liabilities	(252,823,796)	(380,249,634)
Cash generated from operations	(588,968,355)	(166,327,351)
Adjustments for		
Direct taxes paid	-	-
Net cash from operations before extraordinary items	(588,968,355)	(166,327,351)
extraordinary items	-	685,493,289
Net cash generated from operating activities	(588,968,355)	519,165,938
Cash flows from investing activities		
Purchase of fixed assets / increase in work in progress	(26,090,171)	(76,212,203)
Dividend / interest received	19,102,895	3,685,840
Proceeds from sale of fixed assets	-	1,320,000
Net cash from investing activities	(6,987,275)	(71,206,363)
Cash flows from financing activities		
Interest on borrowed funds	(2,736,143)	(36,646,944)
Borrowings / repayments	603,787,063	(447,830,006)
Long term loans and advances	(9,880,425)	21,407,654
Long term provisions	(1,590,215)	(868,880)
Net cash from financing activities	589,580,281	(463,938,175)
Net increase/(decrease) in cash and cash equivalents	(6,375,351)	(15,978,600)
Opening cash and cash equivalents	88,133,858	104,112,458
Less : Exchange Fluctuation		
Closing cash and cash equivalents	81,758,507	88,133,858

As per our report of even date  
For S.Janardhan & Associates  
Chartered Accountants  
Firm Registration No. 005310S

For and on behalf of the Board

Vijay Bhatia  
Partner  
Membership No. 201862

Asif Khader  
Managing Director

Mueed Khader  
Director

P. Phaneendra  
Company Secretary

Bengaluru  
May 29, 2015

Bengaluru  
May 29, 2015



## 1. BACKGROUND

Cranes Software International Limited (CSIL) was incorporated on 22nd December, 1984. CSIL is a Company that provides enterprise statistical analytics and engineering simulation software products and solutions across the globe. Presently, CSIL has developed IP's and products in data Integration & visualization, engineering simulations, graphing, plotting and designing modules. The Company is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Germany and Singapore.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation of financial statements

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

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates & assumptions that affect the reported balance of assets & liabilities and disclosures relating to contingent assets & liabilities as on the date of financial statement and reported amounts of income & expenditure during the period. Actual results could differ from these estimates, differences if any between the actual results and estimates are recognized in the period in which the results are known or materialized.

Presentation and disclosure of financial statements during the year ended March 31, 2014 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Company for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

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

### 2.2 Principles of consolidation

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

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

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



- v. Minority interest in subsidiaries represents the minority shareholders proportionate share of the net asset and net income.

### 2.3 Use of estimates

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

### 2.4 Revenue recognition

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

### 2.5 Cash flow statement

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

### 2.6 Fixed assets and capital work-in-progress

- (i) Fixed assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.
- (ii) Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date the fixed asset is ready for its intended use, is capitalized.

### 2.7 Intangible assets

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





## 2.8 Research and development

Research cost are charged to profit and loss account and expenditure incurred relating to the development phase are treated as advances in capital work in progress and will be capitalized when the intangible assets in ready for use.

## 2.9 Depreciation and amortization

- (i) Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.
- (ii) Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets which are equal to useful lives and residual values specified in Schedule II. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets.

- (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.

## 2.10 Impairment of assets

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

## 2.11 Inventories

Inventories of the company comprises of third party software products. Such software products are valued at cost or net realizable value, whichever is lower. The cost formula used is weighted average basis. Net realizable value is the estimated selling price in ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale. The cost of inventories is net of VAT credit.

## 2.12 Investments

- (i) Investments are either classified as current or non-current based on the management's intention at the time of purchase.
- (ii) Non-current investments are stated at cost less provision for diminution in the value of such investments. Diminution in value is provided for where the management is of the opinion that the diminution is of permanent nature.
- (iii) Current investments are carried at the lower of cost or fair value. Any reduction in carrying amount and any reversals of such reduction are charged or credited to the statement of profit & loss.
- (iv) Investments in foreign subsidiaries have been reflected at the exchange rates prevailing at the date of transactions.

## 2.13 Effect of exchange fluctuation on foreign currency transactions

- (i) Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.
- (ii) Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.
- (iii) Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.



- (iv) Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recognized in the statement of profit and loss.
- (v) Non – monetary assets & liabilities are translated at the rate prevailing on the date of transaction.
- (vi) Foreign currency translation differences relating to liabilities incurred for acquiring fixed assets are recognized in statement of profit and loss.
- (vii) For the purpose of translation of financial statement of foreign subsidiaries, the same are classified as non-integral foreign operations. In case of non-integral foreign operation accounts, all assets and liabilities both monetary and non-monetary are translated at the closing rate. Items of income and expenses are translated at the average exchange rate for the period. Resulting exchange rate difference is accumulated in 'Foreign currency translation reserve' as a separate component of shareholder's funds', until the disposal of "Net investment in non-integral foreign operation".

#### 2.14 Employees' retirement benefits

- (i) Post-employment benefit plans

Contributions to defined contribution retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the statement of profit and loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

- (ii) Short-term employee benefits

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

- (iii) Long-term employee benefits

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

#### 2.15 Income Tax/ Deferred Tax

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

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

- (iii) Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is



convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

- (iv) Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction.
- (v) The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing taxation laws.

#### 2.16 Provisions and contingent liabilities

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

#### 2.17 Earnings per share

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

#### 2.18 Leases

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

#### 2.19 Derivative instruments and hedge accounting

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

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

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

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

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

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

**3. CONSOLIDATED NOTES ON ACCOUNTS**

FOR THE YEAR ENDED MARCH 31, 2015

## 3.01 SHARE CAPITAL

## a) Break-up of shares

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
<b>AUTHORISED</b>		
165,000,000 (Previous Year 165,000,000) Equity Shares of Rs. 2/- each	330,000,000	330,000,000
2,00,000 (Previous Year 2,00,000) Preference shares of Rs.100/ each	20,000,000	20,000,000
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>		
117,766,850 (Previous year 117,766,850) Equity shares of Rs.2/- each fully paid up	235,533,700	235,533,700
<b>TOTAL</b>	<b>235,533,700</b>	<b>235,533,700</b>

The Company has only one class of shares referred to as equity shares having a par value of Rs. 2/-. Each holder of equity shares is entitled to one vote per share held.

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

Dividend, if approved, is payable to the shareholders in proportion to their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has not declared dividend during the year.

## b) Reconciliation of number of shares

Equity Shares	As at 31-03-2015		As at 31-03-2014	
	Number of Shares	Amount in Rupees	Number of Shares	Amount in Rupees
Balance as at the beginning of the year	117,766,850	235,533,700	117,766,850	235,533,700
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	117,766,850	235,533,700	117,766,850	235,533,700

The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date.

Details of equity shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding the balance sheet date is given below:

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

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

Name of the Shareholder	As at 31-03-2015		As at 31-03-2014	
	Number of shares	% of shareholding	Number of shares	% of shareholding
IBC Knowledge Park Private Limited	12,784,740	10.86%	12,784,740	10.86%
Bank of India	11,291,723	9.59%	11,291,723	9.59%



## 3.02 RESERVES AND SURPLUS

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
(a) Securities Premium Account		
Opening balance	1,789,826,374	1,789,826,374
Add: Receipts during the year	-	-
Closing balance	1,789,826,374	1,789,826,374
(b) FCCB Premium Redemption Reserve		
Opening balance	240,000,000	240,000,000
Add: Transfer during the year	-	-
Closing balance	240,000,000	240,000,000
(c) General Reserve		
Opening balance	1,843,000,000	1,843,000,000
Add: Transfer during the year	-	-
Closing balance	1,843,000,000	1,843,000,000
(d) Foreign Currency Translation Reserve	25,766,561	28,543,210
(e) Balance in profit and loss account		
Opening balance	(5,204,477,722)	(4,174,788,491)
Add / (Less): Current year loss	(395,960,693)	(1,029,689,231)
Less: Adjustment related to fixed assets	(123,182,824)	-
Closing balance	(5,723,621,239)	(5,204,477,722)
<b>TOTAL</b>	<b>(1,825,028,304)</b>	<b>(1,303,108,138)</b>

## 3.03 LONG TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Secured		
Term Loans from Jammu and Kashmir Bank Limited	-	107,929,698
Unsecured		
Foreign Currency Term Loan from UPS Capital	146,830,871	146,830,871
<b>TOTAL</b>	<b>146,830,871</b>	<b>254,760,569</b>

Term loans from Jammu and Kashmir Bank Limited is secured by hypothecation of current and fixed assets of the Company; Pledge of shares of wholly owned subsidiary of Systat Software Inc; Charge on property at Bannerghatta Road; Assignment of Intellectual property rights of Sigma Plot Product line; Creation of charge of Intellectual property rights of Systat Software Inc, USA; Personal guarantee of directors.

## 3.04 LONG TERM PROVISIONS

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Provision for Employee Benefits		
Gratuity	6,135,873	7,430,539
Provision for compensated absence	1,328,456	1,624,005
<b>TOTAL</b>	<b>7,464,329</b>	<b>9,054,544</b>



3.05 SHORT-TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Secured loan	130,187,200	60,100,000
Unsecured loan	-	87,671,908
CSIL Employees Comprehensive Gratuity Trust	4,377,761	-
<b>TOTAL</b>	<b>134,564,961</b>	<b>147,771,908</b>

Secured loan includes one revolving line of credit in Cranes Software Inc. with a financial institution secured by general assets of the Company.

The revolving line of credit carries an interest rate of 2% above the prime rate.

Dues to CSIL Employees Comprehensive Gratuity Trust has arisen on result of amounts drawn from the Trust fund and utilised towards expenses of the Company.

3.06 TRADE PAYABLES

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Trade payables		
- dues to micro, small and medium enterprises	-	-
- others	305,363,660	150,414,217
<b>TOTAL</b>	<b>305,363,660</b>	<b>150,414,217</b>

3.07 OTHER CURRENT LIABILITIES

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Current maturities of long-term debt		
- Jammu & Kashmir Bank Ltd	-	137,600,000
- Bondholders of FCCB (42,000 units of 1,000/- Euros each fully paid up)	2,835,420,000	3,468,213,000
- Interest payable to FCCB Bondholders	664,704,714	645,933,256
Foreign Currency Term Loan from UPS Capital	48,786,736	45,103,682
Loans repayable on demand	6,169,880,234	4,951,220,061
Unclaimed dividend	326,827	623,871
Amounts due and payable to Investor Education and Protection Fund	393,690	96,646
Statutory dues (Including provident fund, withholding and other taxes)	84,187,442	91,098,436
Director current account	365,162,122	365,162,122
Director Remuneration payable	26,342,200	24,588,240
Employees benefits payable	152,298,275	144,913,124
Advance received from customers	21,769,113	4,017,188
Unpaid dividend on dividend distribution tax	27,388,281	27,388,281
Other advances	2,775,612,956	2,391,866,652
Advance received towards sale of IP	250,000,000	250,000,000
<b>TOTAL</b>	<b>13,422,272,590</b>	<b>12,547,824,559</b>

3.08 SHORT TERM PROVISION

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Provision for gratuity	284,850	256,213
Provision for compensated absence	120,076	134,411
Provision for income tax (net of advance tax and TDS)	7,840,679	44,733,652
<b>TOTAL</b>	<b>8,245,605</b>	<b>45,124,276</b>



## 3.09 FIXED ASSETS

Particulars	(Amount in Rupees)										
	Gross Block				Depreciation / Amortisation				Net Block		
	Cost as on April 1, 2014	Additions	Deletions	Total as on March 31, 2015	Upto April 1, 2014	For the year	Adjustment to Reserve	Withdrawn	Total upto March 31, 2015	As on March 31, 2015	As on March 31, 2014
<b>Tangible Assets</b>											
Land & Building	94,712,158	-	-	94,712,158	2,645,936	1,109,962	-	-	3,755,897	90,956,261	92,066,223
Furniture & Fixtures	90,806,326	525,804	-	91,332,130	53,252,138	10,385,425	1,635,514	-	65,273,076	26,059,054	37,554,189
Computers	181,325,806	321,969	-	181,647,775	164,154,246	4,092,838	(1,295,805)	-	166,951,280	14,696,495	17,171,560
Plant & Machinery	98,774,532	3,900,276	-	102,674,808	47,967,947	6,421,689	27,884,764	-	82,274,400	20,400,408	50,806,585
Vehicle	21,502,098	-	-	21,502,098	16,906,327	1,543,492	1,918,914	-	20,368,733	1,133,365	4,595,771
<b>Total A</b>	<b>487,120,921</b>	<b>4,748,049</b>	<b>-</b>	<b>491,868,969</b>	<b>284,926,593</b>	<b>23,553,406</b>	<b>30,143,387</b>	<b>-</b>	<b>338,623,386</b>	<b>153,245,582</b>	<b>202,194,328</b>
<b>Intangible Assets</b>											
Goodwill	1,893,176,153	-	-	1,893,176,153	-	-	-	-	-	1,893,176,153	1,893,176,153
Computer Software	6,834,830,698	322,407,054	-	7,157,237,752	5,350,318,315	284,294,026	151,349,438	-	5,785,961,779	1,371,275,973	1,484,512,384
<b>Total B</b>	<b>8,728,006,851</b>	<b>322,407,054</b>	<b>-</b>	<b>9,050,413,905</b>	<b>5,350,318,315</b>	<b>284,294,026</b>	<b>151,349,438</b>	<b>-</b>	<b>5,785,961,779</b>	<b>3,264,452,126</b>	<b>3,377,688,537</b>
<b>Total (A + B)</b>	<b>9,215,127,772</b>	<b>327,155,103</b>	<b>-</b>	<b>9,542,282,875</b>	<b>5,635,244,908</b>	<b>307,847,432</b>	<b>181,492,825</b>	<b>-</b>	<b>6,124,585,165</b>	<b>3,417,697,708</b>	<b>3,579,882,865</b>
Previous Year	8,689,446,320	529,026,061	3,344,610	9,215,127,772	5,199,413,007	437,957,493	-	2,125,592	5,635,244,908	3,579,882,864	3,490,033,313

**3.10 NON CURRENT INVESTMENTS**

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Cranes Software Middle East LLC - UAE : 147 Equity shares of UAE Dirham 1,000/- each fully paid up (Previous Year 147 Equity shares of UAE Dirham 1,000/- each fully paid up)	1,786,172	1,786,172
TOTAL	1,786,172	1,786,172

**3.11 DEFERRED TAX ASSETS (NET)**

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Deferred Tax Assets Attributable to :		
Brought forward losses	1,122,937,205	1,275,317,576
Provision for retirement benefits	2,982,700	2,942,900
Provision for Bad debts	646,791,100	
Expenses allowable when paid	1,237,902,600	1,479,779,300
Less:		
Deferred Tax Liability Attributable to :		
Difference between book and tax depreciation	(45,734,100)	(247,492,400)
TOTAL	2,964,879,505	2,510,547,376

**3.12 LONG TERM LOANS AND ADVANCES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Unsecured, considered good		
Earnest money deposits	4,795,882	4,553,128
Other deposits	640,100	646,350
Rent deposits	560,000	866,000
Security deposits	119,598	449,525
Advance towards purchase of shares	9,048,000	-
TOTAL	15,163,580	6,515,003

**3.13 INVENTORIES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Stock-in-trade	9,019,698	23,383,629
TOTAL	9,019,698	23,383,629





## 3.14 TRADE RECEIVABLES

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
<u>Debts overdue for a period exceeding six months</u>		
From related party	-	-
From others	3,922,769,946	3,476,865,066
Less: Provision for doubtful debts	(3,122,494,970)	(3,122,224,314)
(A)	800,274,976	354,640,752
<u>Other Debts</u>		
Unsecured, considered good		
From Related Party		
Other Debts	11,816,804	34,561,655
(B)	11,816,804	34,561,655
TOTAL (A + B)	812,091,780	389,202,407

## 3.15 CASH AND BANK BALANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Cash and cash equivalents:		
Cash on hand	35,849	87,836
Bank balances:		
In current accounts	70,910,455	71,653,698
In deposit accounts	5,291,002	5,063,540
Other bank balances:		
Balances with bank held as margin money with maturity of 3 to 12 months	4,795,850	10,603,533
In dividend accounts	725,351	725,251
TOTAL	81,758,507	88,133,858

## 3.16 SHORT TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2015	As at 31-03-2014
Prepaid expenses	12,556,489	58,670,946
Advance to employee & suppliers	14,782,151	22,656,729
MAT Credit Entitlement	64,000,000	163,500,000
Disputed tax payments	-	27,348,314
Balances with revenue authorities	879,362	863,525
Others	2,572,629,447	2,445,816,867
TOTAL	2,664,847,449	2,718,856,380

## 3.17 REVENUE FROM OPERATIONS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
(a) Sale of products		
- Hardware products	21,515,228	46,873,954
- Software licences	1,631,982,892	1,675,354,731
(b) Sale of services	2,022,866,429	1,670,071,789
TOTAL	3,676,364,549	3,392,300,474

**3.18 OTHER INCOME**

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
(a) Interest received	19,102,895	3,685,840
(b) Liabilities written back to the extent no longer required	1,170,587	63,391,674
(c) Exchange fluctuation gain	754,420,645	-
(d) Other income	29,226,381	35,249,924
(e) Excess provision for leave encashment reversed	297,834	-
(f) Provision for Gratuity written back to the extent no longer required	1,282,754	973,393
<b>TOTAL</b>	<b>805,501,096</b>	<b>103,300,831</b>

**3.19 CHANGES IN INVENTORIES OF STOCK-IN-TRADE**

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
Stock at the end of the year	9,019,698	16,874,671
Stock at the beginning of the year	16,874,671	19,591,905
Increase / (Decrease) in stock	<b>7,854,973</b>	<b>2,717,234</b>

**3.20 EMPLOYEE BENEFITS EXPENSES**

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
Salaries and wages	1,037,468,007	1,060,087,028
Director remuneration	3,000,000	6,595,068
Contribution to provident and other funds	107,923,254	1,531,137
Staff welfare expenses	1,757,020	689,711
Leave encashment paid	178,497	152,737
<b>TOTAL</b>	<b>1,150,326,778</b>	<b>1,069,055,681</b>

**3.21 FINANCE COSTS**

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
Interest on long term borrowings	2,736,143	36,646,944
Other borrowing costs	1,133,696,053	930,080,995
<b>TOTAL</b>	<b>1,136,432,196</b>	<b>966,727,939</b>

**3.22 DEPRECIATION AND AMORTIZATION EXPENSES**

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
Depreciation on tangible assets	23,553,406	21,898,256
Amortization on intangible assets	284,294,026	416,059,237
<b>TOTAL</b>	<b>307,847,432</b>	<b>437,957,493</b>



## 3.23 OTHER EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
Payment to auditor		
-As audit fee	1,685,996	1,676,076
-As reimbursement of expenses	19,400	39,300
Power and fuel	12,293,654	8,061,506
Rent	96,567,545	75,621,671
Repairs and Maintenance		
- Buildings	-	-
- Machinery	215,299	73,160
- Others	12,214,257	14,520,684
Insurance	26,350,209	21,176,854
Rates and taxes, excluding taxes on income	5,268,544	2,718,031
Provision for bad and doubtful debts	270,656	987,300,000
Marketing expenses	17,175,918	14,237,695
Sales commission	73,378,516	74,328,303
Bad debts	4,388,015	3,303,179
Travelling expenses	45,575,548	43,975,037
Communication expenses	14,709,687	14,908,787
Exchange fluctuations	-	325,785,298
Legal & professional charges	36,267,565	15,269,629
Miscellaneous expenses	295,821,212	498,641,659
TOTAL	642,202,023	2,101,636,869

## 3.24 EXCEPTIONAL ITEMS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
Prior period expenses	9,063,868	2,057,767
Prior period income	-	(10,793,023)
Profit on sale of assets	-	(93,752)
TOTAL	9,063,868	(8,829,008)

## 3.25 EXTRAORDINARY ITEMS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2015	For the Year March 31, 2014
Amounts written back on one time settlement with banks		
- Principal writeback	-	250,000,000
- Interest writeback	-	435,493,289
TOTAL	-	685,493,289

**3.26 EARNINGS PER SHARE**

Particulars	For the year 31.03.2015		For the year 31.03.2014	
	Before Extraordinary Items	After Extraordinary Items	Before Extraordinary Items	After Extraordinary Items
(a) Basic Profit / (loss) after tax (in Rupees)	(395,960,693)	(395,960,693)	(1,715,182,519)	(1,029,689,230)
Weighted average number of shares outstanding	117,766,850	117,766,850	117,766,850	117,766,850
Basic EPS	(3.36)	(3.36)	(14.56)	(8.74)
(b) Diluted Profit / (loss) after tax (in Rupees)	(395,960,693)	(395,960,693)	(1,715,182,519)	(1,029,689,230)
Adjusted net profit for the year	(395,960,693)	(395,960,693)	(1,715,182,519)	(1,029,689,230)
Weighted average number of shares outstanding for diluted EPS	117,766,850	117,766,850	117,766,850	117,766,850
Diluted EPS	(3.36)	(3.36)	(14.56)	(8.74)
Face value per share (in Rupees)	2.00	2.00	2.00	2.00

**3.27 PARTICULARS OF THE SUBSIDIARY COMPANIES CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND THEIR REPORTING DATES**

Sl. No.	Name of Company	Country of incorporation	% of voting power held	Reporting date as at
i.	Systat Software Inc., USA	USA	100%	31-Mar-15
ii.	Systat Software Asia Pacific Limited	India	100%	31-Mar-15
iii.	Systat Software GmbH	Germany	100%	31-Mar-15
iv.	Cranes Software International Pte. Ltd.	Singapore	100%	31-Mar-15
v.	Cranes Software Inc., (Earlier known as NISA Software Inc)	USA	100%	31-Mar-15
vi.	Analytix Systems Private Limited	India	100%	31-Mar-15
vii.	Tilak Autotech Pvt Ltd	India	100%	31-Mar-15
viii.	Dunn Solutions Group Inc.,	USA	Wholly Owned subsidiary of Cranes Software Inc	31-Mar-15
ix.	Caravel Info Systems Pvt Ltd	India	100%	31-Mar-15
x.	Proland Software Pvt Ltd	India	100%	31-Mar-15
xi.	Engineering Technology Associates Inc. USA	USA	Wholly Owned subsidiary of Cranes Software Inc	31-Mar-15
xii.	Engineering Technology Associates Inc. (Shanghai)	China	Wholly Owned subsidiary of Engineering Technology Associates Inc, USA	31-Mar-15
xiii.	Esqube Communication Solutions Pvt Ltd	India	76%	31-Mar-15
xiv.	Cubeware GmbH, with its Wholly owned subsidiaries in Austria and Switzerland	Germany	Wholly owned subsidiary of Systat Software GmbH	31-Mar-15
xv.	Dunn Solutions India Pvt. Ltd.	India	Wholly owned subsidiary of Dunn Solutions Group Inc	31-Mar-15



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

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Claims against the Company not acknowledged as debts		
(a) Income tax matters	672,844,163	1,000,667,009
(b) Service tax matters	138,647,868	138,647,868
(c) Guarantees and counter guarantee	4,795,850	15,667,073
(d) Directorate of Enforcement	5,000,000	-
(e) Employees Provident Fund	5,186,747	-
(f) Others	5,515,000	5,515,000
TOTAL	831,989,628	1,160,496,950

CASES FILED AGAINST THE HOLDING COMPANY FOR RECOVERY OF DUES AND PENDING FOR DISPOSAL BEFORE VARIOUS COURTS

(Amount in Rupees)

Name of Institution	Amount of Claim	In which Forum
A. Under Section 434 of Companies Act, 1956		
1. Bank of New York (Trustee of Foreign Currency Convertible Bondholders)	805,043,116	High Court, Karnataka
B. Under Section 138 of Negotiable Instruments Act, 1881		
1. Allahabad Bank	250,000,000	} Metropolitan Court, Bangalore
2. State Bank of Mysore	250,000,000	
3. Canara Bank	250,000,000	
C. Under Debt Recovery Act, 1993		
1. Canara Bank	293,337,614	} Debt Recovery Tribunal
2. Bank of India	1,968,848,034	
3. State Bank of Mysore	250,000,000	
4. State Bank of Travancore	321,230,671	
5. IDBI Bank	221,143,301	
6. International Asset reconstruction Company (Assigned from Allahabad Bank)	271,700,836	



## 3.29 RELATED PARTY DISCLOSURES AS ASCERTAINED BY THE MANAGEMENT

Particulars		Key Management Personnel	Other Related Parties
Remuneration Paid	Current Year	3,000,000	-
	Previous Year	6,595,068	-
Payable at the year end	Current Year	8,400,000	-
	Previous Year	389,750,362	-

## NAME OF RELATED PARTIES AND DESCRIPTION OF RELATIONSHIP

Key Management Personnel	Mr.Asif Khader Mr.Mukkaram Jan Mr.Mueed Khader
Other Related parties	Orca Infotech Private Limited K & J Holdings Private Limited K & J Telecom Private Limited Jansons Land & Property Development Pvt Ltd SPSS South Asia Private Limited Keysoft Solutions Private Limited Spice Capital Fund Private Limited Sea Equity Private Limited Samra Investment Bangalore Pvt. Ltd. Source Majeure Software Pvt. Ltd. Predictive Analytics Solutions Pvt. Ltd.

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



## 3.30 SEGMENT REPORTING

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

Primary Segments- a) Exports and b) Domestic

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

## Primary Segment Information - Geographical Segment

(Amount in Rupees)

Sl. No.	Particulars	Current Year			Previous Year		
		Export	Domestic	Total	Export	Domestic	Total
1	Segment Revenue	3,598,668,614	77,695,935	3,676,364,549	3,245,277,175	147,023,299	3,392,300,474
2	Segment Results	(231,244,045)	(103,892,252)	(335,136,297)	(588,668,500)	(1,232,273,336)	(1,820,941,836)
	Other Income	-	-	805,501,096	-	-	103,300,831
	Operating Profit	-	-	470,364,799	-	-	(1,717,641,005)
	Interest Expenses	-	-	1,136,432,196	-	-	966,727,939
	Exceptional / extraordinary items	-	-	9,063,868	-	-	676,664,281
	Profit / (loss) before tax	-	-	(675,131,265)	-	-	(2,007,704,663)
	Tax Expenses	-	-	(279,170,572)	-	-	978,015,432
	Profit / (loss) after tax	-	-	(395,960,693)	-	-	(1,029,689,231)
3	Segments Assets	9,326,311,206	3,108,936,205	12,435,247,412	9,065,517,631	3,021,858,004	12,087,375,635
	Total Assets	-	-	12,435,247,412	-	-	12,087,375,635
	Segment liabilities	9,149,661,207	3,050,052,505	12,199,713,712	8,888,867,631	2,962,974,304	11,851,841,935
	Total Liabilities	-	-	12,199,713,712	-	-	11,851,841,935
	Segments Capital Employed (Segment Assets-Segment Liabilities)	176,650,000	58,883,700	235,533,700	176,650,000	58,883,700	235,533,700
4	Capital Expenditure	326,540,693	614,410	327,155,103	73,472,011	455,554,050	529,026,061
5	Depreciation	92,354,230	215,493,202	307,847,432	134,015,663	303,941,831	437,957,494

## Secondary Segment Information - Business Segment

(Amount in Rupees)

Sl.No.	Particulars	Current Year		Previous Year	
		Proprietary Products and Services	Product Alliances	Proprietary Products and Services	Product Alliances
1	Segment Revenue	3,651,297,975	25,066,574	3,349,982,318	42,318,157
2	Segment Result	(330,913,580)	(4,222,717)	(1,797,946,975)	(22,994,861)
3	Segment Assets	12,278,563,294	156,684,117	11,936,283,440	151,092,195
4	Capital Expenditure	323,032,949	4,122,154	516,541,046	12,485,015

3.31 Previous year's figures have been regrouped and reclassified wherever necessary to make them comparable.

As per our report of even date  
For S.Janardhan & Associates  
Chartered Accountants  
Firm Registration No. 005310S

For and on behalf of the Board

Vijay Bhatia  
Partner  
Membership No. 201862

Asif Khader  
Managing Director

Mueed Khader  
Director

P. Phaneendra  
Company Secretary

Bengaluru  
May 29, 2015

Bengaluru  
May 29, 2015



## 30<sup>TH</sup> ANNUAL GENERAL MEETING UNDER COMPANIES ACT 2013 & SECRETARIAL STANDARD - II

Date: 04/09/2015

Dear Members / Directors / Auditor,

You are cordially invited to attend the 30<sup>th</sup> Annual General Meeting (the 'AGM') of the members of CRANES SOFTWARE INTERNATIONAL LIMITED to be held on Wednesday the 30th day of September, 2015 at Shri Devaraj Urs Bhavan, No. 16-D, Miller Tank Bund Area, Vasanthnagar, Bangalore at 10.30 am.

The notice of the meeting, containing the business to be transacted, is enclosed.

Thanking You,  
For and on behalf of the Board  
CRANES SOFTWARE INTERNATIONAL LIMITED

DIRECTOR  
ASIF KHADER  
(DIN:00104893)

Enclosures:

1. Notice of the AGM
2. Attendance slip
3. Proxy form (MGT-11)





## NOTICE OF THE 30TH ANNUAL GENERAL BODY MEETING UNDER COMPANIES ACT 2013 & SECRETARIAL STANDARD- II

NOTICE is hereby given that the 30th Annual General Meeting of the Members of CRANES SOFTWARE INTERNATIONAL LIMITED will be held on Wednesday the 30<sup>th</sup> day of September, 2015 at Shri Devaraj Urs Bhavan, No.16-D, Miller Tank Bund Area, Vasanthnagar, Bangalore-52 at 10.30 am to transact the following business:

### ORDINARY BUSINESS

1. To Consider and adopt:

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution

"RESOLVED THAT the Audited Balance Sheet & statement of Profit and Loss Account and Cash Flow Statement for the financial year ended March 31, 2015 along with the Auditor's Report and the Directors' Report as circulated to the shareholders and laid before the meeting, be received, considered and adopted."

2. RATIFICATION OF AUDITOR:

"RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 (the "Act") read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. S JANARDHAN AND ASSOCIATES., Chartered Accountants, as the Statutory Auditors of the Company to hold office for the second year from the close of this AGM till the close of the 31<sup>st</sup> AGM to be held in 2016.

3. To Appoint Mr. ASIF KHADER, Managing Director who retires at this AGM and being eligible offers himself for reappointment. The Board recommends the General Body to take suitable steps to reappoint him as the Managing Director of the company from the date of the close of this AGM and authorize the Board to fix his remuneration and perks.

"RESOLVED that in modification passed at the Annual General Meeting of the Company to be held on 30th September, 2015 for the appointment and terms of remuneration of Mr. Asif Khader, Managing Director of the Company and pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made there under, as amended from time to time, read with Schedule V to the Act. RESOLVED FURTHER that the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."



SPECIAL BUSINESS

1. TO Appoint "Key Managerial Personnel"

"BE IT RESOLVED pursuant to section 203 of Companies Act, 2013 that Mr. ASIF KHADER is reappointed as Managing Director of the Company for the period of Three years till the conclusion 33<sup>rd</sup> AGM, 2018 and as such the Key Managerial Person along with Mr. MUEED KHADER, Whole Time Director who continues as a Key Managerial Person of the Company."

Name of Director	Asif Khader
Date of Appointment	30-04-2002
Date of Birth	15-02-1966
Qualifications	B.E.
Expertise in specific functional areas	Business Management
List of companies in which directorship is held as on 31-03-2015	<ol style="list-style-type: none"> <li>1. K &amp; J Telecom Private Limited</li> <li>2. Janson Land &amp; Property Development Private Limited</li> <li>3. K and j Holding Private Limited</li> <li>4. Orca Infotech Private Limited</li> <li>5. Sea Equity Enterprises Private Limited</li> <li>6. Eesha Investment Private Limited</li> <li>7. Systat Software Asia Pacific Limited</li> <li>8. Spice fund Private Limited</li> <li>9. Analytix Systems Private Limited</li> <li>10. Caravel Info Systems Private Limited</li> <li>11. Proland Software Private Limited</li> <li>12. Tilak Autotech Private Limited</li> <li>13. Esqube Communication Solution Private Limited</li> <li>14. Khader Farming (India) Private Limited</li> </ol> <p>OUTSIDE INDIA</p> <ol style="list-style-type: none"> <li>1. Systat Software Inc, USA</li> <li>2. Systat Software GmbH</li> <li>2. Cranes Software International Pte Ltd.</li> <li>3. Cranes Software Inc</li> <li>4. Dunn Solutions Group Inc</li> <li>5. Engineering Technology Associates Inc, USA</li> <li>6. Cubeware GmbH</li> </ol>
Chairman / member of *Committees of India Companies on which he is a director as on 31-03-2015	
Shareholding in the Company	



## Explanatory Statement as required by Section 102(1) of the Companies Act, 2013

Mr. Asif Khader, Managing Director and Mr. Mueed Khader, WTD who are the executive Directors of the Company are also responsible for the affairs of the company in carrying out the day to day activities of the company. In terms of Responsibility, taken by them the Board recommends that they also be made the "Key Managerial Persons" as per section 203 of Companies Act, 2013 Accordingly the following resolution is adopted:

"BE IT RESOLVED pursuant to section 203 of Companies Act, 2013 that Mr. Asif Khader is reappointed as Managing Director of the Company and as such the Key Managerial Person along with Mr. Mueed Khader, Whole Time Director who continues as a Key Managerial person of the Company."

None of the Directors or Key Managerial personnel of the Company, including their relatives, is interested in the resolution.

By Order of the Board of Directors  
For Cranes Software International Limited

C S Phaneendra  
Company Secretary

Bengaluru  
4<sup>th</sup> September, 2015

## NOTES

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY MUST BE DULY FILLED IN ALL RESPECT AND SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A person can act as a proxy on behalf of members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company.

- 2) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 3) The Statement, setting out the material facts, pursuant to Section 102 of the Companies Act, 2013 (for these notes) concerning the Special the Act Business mentioned in the Notice, is annexed hereto.
- 4) Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their questions to the Company Secretary of the Company, so as to reach at least 15 days before the date of the Meeting so that the information required may be made available at the Meeting.
- 5) The requisite information about the Directors seeking appointment / re-appointment, is included in the Report on Corporate Governance / Statement annexed to Notice as the case may be.
- 6) Members/Proxies are requested to bring duly filled attendance slip along with their copy of Annual Report to the Meeting.
- 7) Voting through electronic means - In terms of the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide facility to exercise votes on the items of business given in the Notice through remote electronic voting system to Members holding shares as on 23<sup>rd</sup> September 2015 (end of day) being the 'cut-off date' for determining voting rights of Members, entitled to participate in the e-voting process, through the remote e-voting platform provided by Central Depository Services (India) Limited (for CDSL brevity).



## A. The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 27th September, 2015 at 9:00 AM and ends on 29th September, 2015 at 5:00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23rd September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>" Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>" In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>" Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.



- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non - Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- B. Any person who becomes Member after dispatch of Notice of the Meeting and holding shares as on cut-off date i.e. 23<sup>rd</sup> September 2015 and who have updated their PAN with the Company/ Depository Participant have to follow instructions as per points in A aforesaid to vote through remote e-voting during the e-voting period.
- C. Any person who becomes Member after dispatch of Notice of the Meeting and holding shares as on cut-off date i.e. 23<sup>rd</sup> September 2015 and who have not updated their PAN with the Company/ Depository Participant can send an email to [investor.relations@cranessoftware.com](mailto:investor.relations@cranessoftware.com) to obtain sequence number and they will have to follow instructions as per points in A aforesaid to vote through remote e-voting during the e-voting period.
- D. The facility for voting is also provided, through Ballot Form to the Members who do not have access to remote e-voting facility. Members using their right to vote through Ballot Form are requested to send their assent or dissent in writing on Ballot Form attached to the Notice of the Meeting.
- E. A Member may participate in the Meeting even after exercising his right to vote through remote e-voting / Ballot Form, but shall not be allowed to vote again at the Meeting.
- F. The facility for voting through Poll will also be made available at the Meeting and Members attending the Meeting who have not already cast their vote by remote e-voting / Ballot Form will be able to exercise their right at the Meeting. Members who have not cast their vote electronically, by remote e-voting / Ballot Form may only cast their vote at the Meeting through Poll paper.



- G. The voting rights of Shareholders shall be in proportion to their shares of in the paid up equity share capital of the Company as on 23rd September 2015. Members are eligible to cast vote only if they are holding shares as on that date. A person who is not a Member as on the cutoff date i.e. 23rd September 2015 should treat this Notice for information purpose only.
- H. The Company has appointed Mr. PARMAANAND G HEMDEV, of "THE PERFECT PROFESSIONALS" having office address # 134, 9th Main, Gokulam 3rd Stage, Mysore-570002 as the Scrutiniser to the remote e-voting process, voting through Ballot Form and Poll (to be conducted at the venue of the Meeting) in a fair and transparent manner.
- I. At the Meeting, at the end of the discussion on the resolutions on which voting is to be held, the Chairman shall, with the assistance of the Scrutiniser, order voting through Poll for all those Members who are present but have not cast their votes electronically using the remote e-voting system / Ballot Form.
- J. The Scrutiniser shall, immediately after the conclusion of voting at the Meeting, count the votes cast at the Meeting through Poll and Ballot Form and thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in employment of the Company. The Scrutiniser shall submit a consolidated Scrutiniser's Report of the total votes cast in favour of or against, if any, not later than three days after the conclusion of the Meeting to the Chairman of the Company. The Chairman, or any other person authorized by the Chairman, shall declare the result of the voting forthwith.
- K. The result, along with the Scrutiniser's Report shall be placed on the Company's website [www.cranessoftware.com](http://www.cranessoftware.com) and on the website of CDSL immediately after the result is declared by the Chairman or any other person authorized by the Chairman and the same shall be communicated to the Stock Exchange.
- 8) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 25th day of September 2015 to Wednesday, the 30th day of September 2015 (both days inclusive) for the purpose of ascertaining entitlement to the dividend that may be declared at the ensuing Annual General Meeting.
- 9) The payment of dividend, if declared, at the ensuing Annual General Meeting will be made after Wednesday, the 30th day of September 2015 to those Members holding shares in physical form and whose names appear in the Register of Members of the Company as on close of the business day on Tuesday, the 22nd day of September, 2015, and who hold shares of the Company in dematerialized form and whose name is entered as a beneficial owner in the records of the Depositories on that date.
- 10) Members holding shares in physical form are requested to intimate immediately any change in their address/ details of their bank account/ details for transfer of dividend, if declared, through Electronic Clearance Service (ECS) before 22nd day of September 2015. These details may kindly be intimated to the Company at the Registered Office or to the Registrar and Share Transfer Agent of the Company, Integrated Enterprises (India) Limited. Members holding shares in dematerialized form shall address communication to their respective Depository Participant(s).
- 11) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Share Transfer Agent.
- 12) As a step for paperless GREEN INITIATIVE: communication with the Members of the Company, Company has decided to forward all notices, circulars and other documents to be served on Members through electronic mode. Members of the Company are requested to communicate their e-mail address on which they would like to have these communications. The e-mail address can be communicated by a letter addressed to the Secretarial Department, Cranes Software International Limited, No.2 Tavarekere Bannerghatta Road, BTM Layout, 1st Stage, 1st Phase, Bangalore-560029 and should be signed as per the specimen signature recorded with the Company or Registrar and Share Transfer Agent.
- 13) In view of the provisions of Section 20 of the Act read with Rule 35 of the Companies (Incorporation) Rules, 2014 henceforth the email id provided by the Members holding shares in dematerialised and physical form



would be treated as email id provided by Members for sending communication. Hence Annual Report and notices of any General Meeting or other communication would be made only on these email ids and no separate paper communication would be made with such Members.

- 14) Members holding shares in single name are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website [www.cranessoftware.com](http://www.cranessoftware.com)
- 15) The Annual Report 2014-15 of the Company, circulated to the Members of the Company, will be made available on the Company's website at [www.cranessoftware.com](http://www.cranessoftware.com). and also on the website of the BSE and the NSE.
- 16) All documents referred to in the Notice and Statement are open for inspection at the Registered Office of the Company on all working days (Time: 10.00 a.m. to 3.30 p.m.) till the 30th Annual General Meeting i.e., 30th September 2015.
- 17) Equity Shares of the Company are listed on BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and on the NSE, National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
- 18) The Directors Identification Number of the Directors being appointed / re-appointed are

Sr No.	Name of Director	DIN
1	ASIF KHADER	00104893

By Order of the Board of Directors  
For Cranes Software International Limited

P Phaneendra  
Company Secretary

Bengaluru  
4<sup>th</sup> September, 2015







## Form No. MGT - 11 Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN :

Name of the Company :

Registered office :

Name of the member (s) :

Registered address :

E-mail ID :

Folio No. / Client ID :

DP ID :

I/ We, being the member (s) of ..... Shares of the above named company, hereby appoint

1. Name : .....  
 Address : .....  
 Email ID : .....  
 Signature : ....., or failing him
  
2. Name : .....  
 Address : .....  
 Email ID : .....  
 Signature : ....., or failing him
  
3. Name : .....  
 Address : .....  
 Email ID : .....  
 Signature : ....., or failing him

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the ..... Annual general meeting / Extraordinary general meeting of the company, to be held on the ..... day of ..... at..... a.m. / p.m. at..... (place) and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

- 1.....
- 2.....
- 3.....

Signed this..... day of ..... 20 .....

Affix  
Revenue  
Stamp

Signature of shareholder

Signature of Proxy holder (s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.



## ATTENDANCE SLIP OF THE GENERAL MEETING UNDER COMPANIES ACT 2013 & SECRETARIAL STANDARD - II

Attendance Slip 30th Annual General Meeting on Wednesday, the 30th day of September, 2015 at Shri Devaraj Urs Bhavan, No. 16-D, Miller Tank Bund Area, Vasanthnagar, Bangalore at 10.30 a.m. Folio No. .... / DP ID ..... Client ID / Ben. A/c ..... No. of Shares held .....

I certify that I am a registered shareholders / proxy for the Registered shareholder of the Company and hereby record my presence at the 30<sup>th</sup> Annual General Meeting on Wednesday 30<sup>th</sup> September, 2015 at 10.30 a.m. at Shri Devaraj Urs Bhavan, No. 16-D, Miller Tank Bund Area, Vasanthnagar, Bangalore.

\_\_\_\_\_  
Member's / Proxy's name in Block Letters Member's / Proxy's Signature

Note: Please fill this attendance slip and hand it over at the entrance of the hall.



*If undelivered please return to :*

## **Cranes Software International Limited**

# 2, Tavarekere, Bannerghatta Road, BTM Layout, 1st Stage, 1st Phase, Bangalore - 560 029 Karnataka, INDIA

Phone: +91 80 4128 1111 Email: [info@cranessoftware.com](mailto:info@cranessoftware.com)

[www.cranessoftware.com](http://www.cranessoftware.com)