

# ANNUAL REPORT

## 2 0 1 5 - 2 0 1 6

**Cranes Software International Limited**

Enterprise Analytics and Engineering Simulation Software & Solutions





<b>Board of Directors</b>	Mr. Asif Khader	- Co-founder & Managing Director
	Mr. Mukkaram Jan	- Co-founder & Director
	Mr. Mueed Khader	- Director
	Mr. Richard Gall	- Director
	Dr. Peter Ryser	- Director
	Mrs. Akthar Begum	- Additional 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** [www.cranessoftware.com](http://www.cranessoftware.com)



# CRANES SOFTWARE INTERNATIONAL LIMITED

## FINANCIAL STATEMENTS 2015 - 2016



## DIRECTORS REPORT - 2016

### Dear Member,

Your Board is pleased to present the 31<sup>st</sup> Annual Report of Cranes Software International Limited (CSIL), along with the audited financial statements for the fiscal year ended 31<sup>st</sup> March, 2016.

### Macro - Economic Scenario

India's economy continues to show good signs of GDP growth and the business environment appears positive, than ever before, with a string of initiatives taken up by Central Government, with respect to ease of doing business, which is expected to help the Company directly, in expanding its market within the country and abroad.

### Consolidated / standalone financial performance

The consolidated annual revenue from operations has registered an increase of about 6% compared with the previous year. However, the Company has posted loss from operations before tax of Rs. 1492.06 million as compared to Rs. 675.13 million in the previous year, mainly on account of increase in cost of purchases and administrative expenses.

The standalone annual revenue from operations has registered a steep decrease by about 62.33% compared with the previous year, due to sluggish market conditions. The loss for the period before tax stands at Rs. 1194.59 million as compared with Rs. 516.04 million in the previous year.

### Financial highlights (consolidated & standalone)

(Rs. in Crore)

Particulars	Consolidated		Standalone	
	2015-16	2014-15	2015-16	2014-15
Total revenue	394.99	448.19	13.38	86.02
Total expenses	544.08	514.79	132.73	137.26
Profit / (Loss) before extraordinary items & tax	(149.09)	(66.60)	(119.35)	(51.24)
Exceptional Items	0.11	0.91	0.11	0.36
Profit / (Loss) before tax	(149.20)	(67.51)	(119.46)	(51.60)
Tax expense	(37.14)	(27.91)	(40.35)	(28.22)
Profit / (Loss) for the period	(112.06)	(39.60)	(79.11)	(23.38)

### NEW INITIATIVES, CORPORATE ACTION AND STATE OF COMPANY'S AFFAIRS

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, especially in our overseas subsidiaries.

### DIVIDEND

Your directors do not recommend any dividend in the absence of distributable surplus.

### RESERVES

Your directors do not recommend any transfers to reserves.

### SHARE CAPITAL

There is no change in the authorized or paid-up equity share capital of the Company, for the period under report.

Material changes and commitments, if any, affecting financial position of the Company, which have occurred between the end of the financial year 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 and the date of this report.

Change in the nature of business, if any

There is no reportable change in the nature of business of the Company during the financial year ended 31<sup>st</sup> March, 2016.

### **PARTICULARS OF LOANS, GUARANTEE & INVESTMENT**

Details of loans, guarantees and investments under the provisions of section 186 are given in notes to financial statements. Further, separate resolution under section 186 of the Companies Act, 2013 is being proposed for approval of the shareholders at the ensuing Annual General Meeting.

### **CORPORATE GOVERNANCE**

Your Company is committed to adoption of good corporate governance practices and compliance with the same, in accordance, with listing agreement guidelines, prescribed by SEBI. Your Company is reviewing the present guidelines and will take steps to become fully compliant, shortly. The report on corporate governance as stipulated by SEBI forms part of the annual report and the statutory auditor's certificate of compliance is attached to this report as per Annexure - I & II.

### **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

In terms of the provisions of regulation 34(2) of the SEBI (Listing and disclosure requirements) Regulations, the management discussion and analysis report is set out separately and forms an integral part of this report as per Annexure - III.

### **SUBSIDIARIES, JOINT VENTURES & ASSOCIATES**

During the year, there have been no substantial or material business related changes that have taken place in the subsidiary / associate companies.

### **EXTRACT OF ANNUAL RETURN**

As required under the provisions of section 92(3) of the Companies Act, 2013 read with the Companies (Management and administration) Rules, 2014, an extract of the Annual Return of your Company in prescribed form MGT-9, for the fiscal year ended 31<sup>st</sup> March, 2016 is annexed to and forms part of this report as per Annexure - IV.

### **RELATED PARTY TRANSACTIONS**

During the year under report, your Company has entered into related party transactions, which were on arm's length basis and in the ordinary course of business. Certain material transactions as defined under section 188 of the Companies Act, 2013 read with the companies (Meetings of Board and its powers) Rules, 2014 are reported. All these transactions were previously approved by the audit committee and the Board of Directors and are being reviewed on a regular basis. Your Company will shortly propose the policy on related party transactions for approval by the Board. Further, details of contracts and arrangements with related parties for the fiscal year ended 31<sup>st</sup> March, 2016 are provided under note no. 3.39 to the audited financial statements and added herewith as per Annexure - VIII. Separate resolution for specific approval of these transactions, as required under the provisions of section 188 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is being proposed for approval of the shareholders at the ensuing Annual General Meeting.

### **RISK MANAGEMENT**

Your directors have entrusted the risk management functions to the audit and remuneration committee as the number of directors on the Board is five only. Your Company will take steps to expand its Board, if advised and found warranted, in the future.

### **PARTICULARS OF EMPLOYEES**

The ratio of the median remuneration of the employees to the remuneration of the each of the whole-time directors is 1: 4.5

The percentage increase in remuneration paid to each of the whole-time directors in this financial year is NIL, due to no profits and no surplus funds.



Disclosures pertaining to remuneration and other details as required under section 197(12) of the act read with companies (appointment and remuneration of managerial personnel) Rules, 2014 are attached to this report as per Annexure - V.

#### **INTERNAL FINANCIAL CONTROL & ADEQUACY**

Your Company has in place adequate internal control systems commensurate with the size of its operations to ensure sound management of operations, safe keeping of its assets including in tangible assets and utilization of resources. However, further steps as may be advised will be implemented, if found, necessary.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under clause (c) of sub-section (3) of section 134 of Companies Act, 2013, directors, to the best of their knowledge and belief, state that:-

- in preparation of the Annual Accounts, the applicable accounting standards have been duly followed along with proper explanation relating to material departures.
- the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and are 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 of the company for that period.
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and preventing and detecting fraud and other irregularities.
- the directors had prepared the annual accounts on a going concern basis.
- the directors had laid down internal financial controls to be followed by the Company and that they are adequate and were operating effectively.
- the directors devised proper systems to ensure compliance with the provisions of all applicable loss and that such systems were adequate and operating effectively.

#### **DETAILS OF DIRECTORS / KEY MANAGERIAL PERSONNEL**

The composition of the Board is as follows:

##### **PROMOTER GROUP (EXECUTIVE WHOLE-TIME DIRECTORS):**

Asif Khader

Mukkaram Jan

Mueed Khader

##### **NON- EXECUTIVE DIRECTORS:**

Richard Gall

Dr. Peter Ryser

During the year under report, Mrs. Akthar Begum was appointed as Additional Director on 12<sup>th</sup> August, 2016 and she is proposed to be re-appointed as a regular Independent Director, at the ensuing Annual General Meeting. Necessary formalities as prescribed have been complied with. Your directors recommend her appointment.

In terms of the provisions of section 203 of the Companies Act, 2013, Mr. Asif Khader, Managing Director, Mr. Mueed Khader, Whole-time Director and Mr. P. Phaneendra, Company Secretary are the key managerial personnel of your Company.

#### **Declaration by Independent Directors**

The independent directors have submitted disclosures that they fulfill all stipulated requirements as per section 149(6) of the Companies Act, 2013.



## ENERGY CONSERVATION, 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.

### (b) Foreign exchange earnings and Outgo

During the year, the total foreign exchange used was Rs. 1482.57 lakh and the total foreign exchange earned was Rs. 679.99 lakh.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The provisions of section 135 of the act read with companies (corporate social responsibility policy) Rules, 2014 are not applicable to the Company and therefore no report is attached under this head.

## MEETINGS OF THE BOARD

During the year under report, your Board of Directors met on the following dates:

During the quarter ended 30 <sup>th</sup> June, 2015	29 <sup>th</sup> May, 2015
During the quarter ended 30 <sup>th</sup> September, 2015	14 <sup>th</sup> August, 2015
During the quarter ended 31 <sup>st</sup> December, 2015	13 <sup>th</sup> November, 2015
During the quarter ended 31 <sup>st</sup> March, 2016	12 <sup>th</sup> February, 2016

## COMPOSITION OF THE AUDIT COMMITTEE

The Company has constituted an audit and remuneration committee consisting of three member directors in each committee. The committee meets regularly to review its functions.

The Committee consists of the following Directors:

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

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

Name of the Director	29 <sup>th</sup> May, 2015	14 <sup>th</sup> August, 2015	13 <sup>th</sup> November, 2015	12 <sup>th</sup> February, 2016
Richard Gall	Yes	Yes	Yes	Yes
Asif Khader	Yes	Yes	Yes	Yes
Dr. Peter Ryser	Yes	Yes	Yes	Yes

## REMUNERATION COMMITTEE

The committee consists of Mr. Asif Khader, Mr. Richard Gall and Mr. Mueed Khader. The committee met on 14th 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.

**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, 2016.

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.

**STATUTORY AUDITORS:**

In terms of the provisions of section 139 of the Companies Act, 2013 read with the Companies (Audit and auditors) Rules, 2014, an audit firm can hold office as statutory auditor for two terms of five consecutive years i.e. for a maximum term of ten years. Such audit firm can be re-appointed after a "cooling-off" period of five years. In computing the period of ten years, the period for which the auditor has held office before the commencement of the Companies Act, 2013 i.e. before 1<sup>st</sup> April, 2014 is to be considered.

Your Company has appointed M/s. S Janardhan & Associates, Chartered Accountants, Bangalore, (Firm Registration No – 005310S), as statutory auditors and they will continue in office till the forth coming Annual General Meeting and being eligible, they are seeking re-appointment at the same AGM, to audit the books of account of your Company for fiscal year ending 2016-2017, i.e. from the conclusion of the forth coming Annual General Meeting until conclusion of the next Annual General Meeting of your Company.

M/s. S Janardhan & Associates, Chartered Accountants, Bangalore, have given their consent to act as auditors and have submitted a certificate to the effect that their re-appointment, if made, would be in conformity with the provisions of section 139(1) of the act and that it will meet with the criteria prescribed under section 141 of the act. Your directors recommend their re-appointment at the ensuing Annual General Meeting.

**AUDITORS QUALIFICATIONS AND BOARD'S REPLY**

The statutory auditors have qualified their report on various matters pertaining to the Company and the Board has replied to these qualifications. A detailed list containing the audit qualifications and the Board's replies thereto have been provided as an annexure to this report, marked Annexure No. - VI, Statement of Impact of Audit Qualifications for the Financial Year ended 31<sup>st</sup> March, 2016.

**SECRETARIAL AUDITOR AND BOARD'S REPLY TO SECRETARIAL AUDIT QUALIFICATIONS**

Secretarial audit in prescribed Form MR-3 and the Board's reply to secretarial auditor's qualifications are attached to this report marked Annexure No. - VII.

**FORMAL ANNUAL EVALUATION OF THE BOARD**

The guidelines for evaluating and assessing the performance of the directors are being modified due to the expansion of the board. Generally, such assessment would include the decision making abilities of individual directors, strategic and value addition contributions at the meetings, charting your company's policy and growth and introducing risk management policies.





As per listing regulations, the directors have to carry out an annual performance evaluation of the Board, independent directors, whole-time and non-whole-time directors, committees of the Board and chairman of the Board. Necessary guidelines are being re-framed in this regard.

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

There was no significant and material order passed by the regulators or courts / tribunals impacting the going concern status and operations of the Company in future.

#### **HEALTH, SAFETY AND ENVIRONMENT**

Your Board is committed to highest standards of providing healthy environment for safety of its employees and your Board reviews the same from time to time.

#### **Disclosure under sexual harassment of women at work place – prevention prohibition and redressal Act, 2013**

During the year under report, your Company has not received any complaint under the captioned act.

#### **VIGIL MECHANISM**

In compliance with the provisions of section 177(10) of the Companies Act, 2013 and regulation 4(2)(d) of the SEBI(Listing and disclosure requirements) Regulations, your Company has created and established a vigil mechanism for the directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of company's code of conduct. Your Company has not received any concerns about unethical behavior of any type in the year under consideration.

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

**Bengaluru  
12<sup>th</sup> August, 2016**

**CS P Phaneendra  
Company Secretary**

### **LIST OF ANNEXURES**

Sl. No	Particulars	Annexure No
1	Corporate Governance report	I
2	Auditors certificate of compliance	II
3	Management discussion & analysis report	III
4	MGT-9	IV
5	Particulars of employees	V
6	Board's reply to auditors qualifications	VI
7	Secretarial Audit report – MR-3	VII
8	AOC-2 – related party transactions	VIII

**ANNEXURE I**

**CORPORATE GOVERNANCE REPORT 2015-16**

(Annexure to Directors' Report)

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

**Board of Directors:**

The composition of the Board is as follows:

**Promoter Group:**

Asif Khader  
Mukkaram Jan  
Mueed Khader

**Non- Executive Directors:**

Richard Gall  
Dr. Peter Ryser

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

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

During the quarter ended 30th June, 2015	29th May, 2015
During the quarter ended 30th September, 2015	14th August, 2015
During the quarter ended 31st December, 2015	13th November, 2015
During the quarter ended 31st March, 2016	12th February, 2016

**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	Member-ship in other Board <sup>2</sup>	Committees <sup>3</sup>	
					Member ship	Chairman Ship
Asif Khader	30th April, 2002	4	Y	6	4	2
Mukkaram Jan	30th April, 2002	4	N	7	1	-
Mueed Khader	30th April, 2002	4	Y	6	2	1
Richard Gall	16th May, 2002	4	Y	-	3	1
Dr. Peter Ryser	29th March, 2005	4	N	-	1	-

1 Attendance via web presentation and Telephone call has been considered as having attended the Board Meeting.  
 2 Excludes any Foreign Companies.  
 3 Membership in Audit Committee, Remuneration Committee, Investor Grievance Committee and Corporate Social Responsibility only considered.



### 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:

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

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

Name of the Director	29th May, 2015	14th August, 2015	13th November, 2015	12th February, 2016
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, 2016.

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 14th 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 2015-16.

**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
30th September, 2013	10:30 am	Shri Devaraj Urs Bhavan, No. 16-D, Millers Tank Bund Area, Vasanthanagar, Bangalore - 560052	-NIL-
29th September, 2014	10:30 am	Shri Devaraj Urs Bhavan, No. 16-D, Millers Tank Bund Area, Vasanthanagar, Bangalore - 560052	-NIL-
30th September, 2015	10:30 am	Shri Devaraj Urs Bhavan, No. 16-D, Millers Tank Bund Area, Vasanthanagar, Bangalore - 560052	-NIL-

For AGM 2016, 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**

<b>A</b>	<b>31st Annual General Meeting</b>	
	Date and Time	29th September, 2016 at 10:30 AM
	Venue	Orchid Hall, Hotel Ramada Bangalore, #11, Park Road, Near Indian Express, Bangalore - 560 051
<b>B</b>	<b>Financial Calendar</b>	
	Audited Annual Results - FY 2015-16	29th May, 2016
	Unaudited results for the quarter ending June 30, 2016	12th August, 2016
	Unaudited results for the quarter ending September 30, 2016	Second week of November, 2016
	Unaudited results for the quarter ending December 31, 2016	Second week of February, 2017
	Audited Annual Results - FY 2016-17	Last week of May, 2017
<b>C</b>	<b>Book closure date</b>	23rd September, 2016 to 29th September, 2016
<b>D</b>	<b>Dividend payment date</b>	No Dividend declared
<b>E</b>	<b>Listing of Equity shares</b>	
	<b>Name and Address of Stock Exchange</b>	<b>Stock Code</b>
	<b>Bombay Stock Exchange Ltd. (BSE)</b> P J Towers, Dalal Street, Mumbai - 400001	512093
	<b>National Stock Exchange Ltd. (NSE)</b> Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400051	CRANESSOFT - EQ Trading of shares currently suspended
	The Listing Fee has been paid to all the Stock Exchanges	
<b>F</b>	<b>Website of the Company</b>	<a href="http://www.cranessoftware.com">www.cranessoftware.com</a>
<b>G</b>	<b>Registrar and Transfer Agents</b>	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
<b>H</b>	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 2015-16 is given below:

**BSE INDIA MARKET PRICE**

Month	Open Price	Close Price
April 2015	2.90	2.85
May 2015	3.17	2.3
June 2015	2.35	1.97
July 2015	2.09	2.58
August 2015	2.53	2.25
September 2015	2.18	2.18
October 2015	2.43	2.07
November 2015	2.17	2.14
December 2015	2.15	3.02
January 2016	3.17	2.91
February 2016	2.82	2.13
March 2016	2.21	2.16

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 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. It is to be noted that in the Board Meeting of 12th August, 2016 and subsequent to the certificate from the statutory auditors, Mrs. Akhtar Begum was appointed as Additional Director and she is proposed to be re-appointed as a regular Independent Director, at the ensuing Annual General Meeting. Necessary formalities



as prescribed have been complied with. With this appointment, the qualifications raised by the statutory auditors in this regard will have been dealt with. Your Board recommends this appointment.

#### Distribution of Shareholdings as on March 31, 2016:

Shares holding (1)	Share holders		Shares	
	Number (2)	% to Total (3)	(4)	% to Total (5)
upto 500	22,486	63	4,910,822	4
501 to 1,000	5,642	16	4,870,361	4
1,001 to 2,000	3,475	10	5,580,280	5
2,001 to 3,000	1,346	4	3,548,762	3
3,001 to 4,000	656	2	2,414,872	2
4,001 to 5,000	604	2	2,891,962	2
5,001 to 10,000	929	3	7,032,794	6
10001 & above	827	2	86,516,997	73
	<b>35,965</b>	<b>100</b>	<b>117,766,850</b>	<b>100</b>

#### Pattern of Share Holding as on March 31, 2016:

SI No.	Holders	% of Holding
1	Promoter	6.38
2	Banks	14.08
3	Insurance Companies	0.70
4	FII	0.10
5	Foreign Corporate Bodies / OCB's	0.00
6	Bodies Corporate	18.79
7	Resident	52.72
8	Trust	0.00
9	Clearing Members	0.57
10	NRI	6.65
	<b>Total</b>	<b>100.00</b>

#### DEMATERIALIZATION OF SHARES:

The Company has entered into necessary agreements with NSDL & CDSL for dematerialization of shares held by investors. As of March 31, 2016 about 97% of the Company's shares are held in dematerialised form.

#### OFFICE LOCATIONS:

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

#### ADDRESS FOR COMMUNICATION:

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



**ANNEXURE II****AUDITORS 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 examined the compliance of conditions of Corporate Governance by CRANES SOFTWARE INTERNATIONAL LIMITED ('the Company'), for the year ended on 31<sup>st</sup> March 2016, as stipulated in Clause 49 of the listing agreement of the Company with Stock exchanges for the period 1<sup>st</sup> April 2015 to 30<sup>th</sup> November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the Period 1<sup>st</sup> December 2015 to 31<sup>st</sup> March 2016.

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 Corporate Governance as stipulated in the above-mentioned Listing Agreement/Listing Regulations 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 and Associates**  
Chartered Accountants  
Registration No.005310S

Bangalore  
30th May, 2016

**Vijay Bhatia**  
Partner  
Membership No.201862





## ANNEXURE III

### MANAGEMENT DISCUSSION & ANALYSIS REPORT (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 continues to be 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 and will remain focused on product development, consulting, distribution and training.

#### 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, despite the recent political challenges caused by BREXIT and the upcoming US elections this year. It will be a wait and watch game for most IT outsourcing companies this year despite early trends.

#### Cranes Software: Business Initiatives

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

In the year gone by, Cranes furthered its engagement with its clientele by increasing product 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 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 reinforced its position in the training and education market. Some of the highlights this year are as follows:

#### Corporate:

1. Won NPOL orders through tender process and delivered training in multiple batches for various teams on different technologies
2. Breakthrough with major DRDO's – BEL, ADE, CDOT followed by continuous business
3. Delivered multiple high-end training in the market like Android, USB, DSP Architecture, SDLC etc with support of consultants



Academia:

1. Launched first time ever M.Tech Internship paid program which was a great success and getting good response
2. Successfully executed academic project for 80+ participants which was well received by students and colleges.
3. Launched placement oriented program (POP) and Delivered the same successfully to 4 major colleges.
4. Technically trained 1400+ UG & PG students for their domain skill up-gradation.

Retail Training:

1. Launched Software Application based training on java & Android
2. Trained 600 students for the year.
3. Conducted customized batch for TataExlsi and Hyundai

Placements:

1. Major clients for Placements – Cyient, Tata Elxsi, Verifone, Autoliv, L&T Technology Services, American Technology Services, Robert Bosch Technology Services
2. New Clients – Delphi Automotive, Continental Automotive, Mindtree, Sharp Software
3. Placement statistics – 75%

During the year, your Company, on a standalone basis, achieved a Sales and Operating Revenue of Rs. 85.5 million, down from Rs. 137 million. The after tax position was a loss of Rs. 791.1 million, on Standalone basis, as compared to loss of Rs 233.8 million in the previous year. Increase in loss was primarily due to exchange loss of Rs.209.9 million, Deferred Tax of Rs, Rs 403.5 million as compared to Rs 382.3 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. 3880.9 million, up from Rs. 3676.4 million of the previous year.

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. A leader in innovation, 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 5.9.3 Released

ETA released DYNAFORM Version 5.9.3 was released in May. Version 5.9.3 promises an even more streamlined and robust experience with major improvements in blank/trim line development, the addition of Auto SCP and process templates, as well as a new license control.

DYNAFORM 5.9.3 offers major improvements in blank/trim line development including combining the interface for blank development and trim line development. Improving efficiency, in this new version it is now possible to develop the blank outline and trim line simultaneously. In addition, the user can now develop partial blank outlines and partial trim lines and develop a blank outline with a cut pattern.

The new Auto SCP feature is used for automatic springback compensation iterations. When running the springback function in DYNAFORM, the user first defines the stamping stages. This is easily achieved using the step-by-



step guided user interface. The user then defines the tool to be compensated, compensation zone, compensation method, scale factor and iterations for a customized and accurate result. The job is submitted and, when completed, the program automatically checks the springback amount and calls the solver to make a compensation adjustment for the tooling mesh. The compensated tool then replaces the original tool and multi-stage jobs are rerun until the ideal solution is found.

### **Inventium 2016 R1 Released**

ETA released Inventium 2016 R1. 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 and enhancements, which improve the product with respect to usability and expanded functionality. Many new functions were added for FE Modeling processes, geometry manipulation and Post-Processing results.

This version also now supports the ABAQUS solver. A separated keyword template for ABAQUS provides the ability to create and modify the elements and boundary conditions.

### **Coming Soon – ACP OpDesign**

Longtime innovators in engineering and CAE software development, ETA and BETA CAE Systems have joined forces to develop a revolutionary software tool, ACP OpDesign. The solution is based on ETA's patented Accelerated Concept to Product (ACP) Process®, which is a proprietary, performance-driven, holistic product design development method, and the powerful platform of the BETA CAE Systems software. ACP OpDesign is a gateway based on design optimization and incorporates the use of multiple CAE tools to generate the optimal design solution, which reduces product development time, while improving product performance.

### **Staffing**

ETA continues to build on the success of its staffing business, with an increase of 25% over last year. ETA had a net gain of 40 people, totaling 280 people currently in placements. In the next year, ETA projects a net increase of 60 people. It is also expecting these increases to slow down moving forward due to the level of H1's reaching too high a percentage of total ETA staff.

### **Product Alliances**

#### **Alliance with Beta CAE**

ETA continues its strategic partnership to develop ACP OpDesign, a revolutionary product design and development solution based on holistic, optimization-led design with Greece based Beta CAE this year. This partnership combines 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 continues to expand 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. OpDesign is close to release and 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. It will also allow ETA to distribute additional solutions used with ACP OpDesign including HEEDS and ANSA, leading to additional revenue.

#### **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 continuing to leverage its SAP Hybris certification and also renewing and continuing 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

**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 60 partners and certified consultants globally. 4.000 customers rely on our more than 19 years of BI experience.

**Product Launches**

Cubeware released Updates and Fixpacks for the Cubeware Solutions Platform C8.

**Product Releases:**

	R8 FP3	R8 FP4	R8 FP4 HF1	R8 FP4 HF2	R8 FP4 HF3
Release date:	June 15	Aug 15	Sep 15	Oct 15	Dec 15
C8 Server	8.8.3.34	8.8.4.19	8.8.4.24 (FP4 HF1)	8.8.4.31 (FP4 HF2)	8.8.4.40 (FP4 HF3)
C8 Cockpit	8.8.3.34	8.8.4.17	8.8.4.23 (FP4 HF1)	8.8.4.31 (FP4 HF2)	8.8.4.45 (FP4 HF3)
C8 Importer	8.8.3.14	8.8.4.21		8.8.4.30 (FP4 HF1)	
C8 Mobile	8.8.3.34	8.8.4.17	8.8.4.23 (FP4 HF1)		8.8.4.45 (FP4 HF3)
C8 SAP Connect	8.8.2.8				

**Going forward...**

Cubeware will continue to work on the actual C8 products & on a new generation of cloud based products, and enhance its product and solutions offerings. Cubeware also plans on widening its area of focus and moving into markets previously untapped.



### **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**

SSI launched 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.

Systat Software Inc continues to develop and sell 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 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 IV

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2016

[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 : Company Limited by Shares
- 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  
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

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%



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

Following are the subsidiary companies of Cranes Software International Ltd.

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. SHAREHOLDING PATTERN

(Equity share capital breakup as percentage of Total Equity)

Sl. No.	Category	Total Shares as on 01-04-2015	% of Holding	Total shares as on 31-03-2016	% of Holding
1	Promoter	7,519,000	6.38	7,519,000	6.38
2	Banks / Financial Institutions	16,584,356	14.08	16,584,356	14.08
3	NRI's & Foreign Holdings	7,812,906	6.64	7,831,987	6.65
4	Public Shareholdings	59,961,624	50.92	62,087,505	52.72
5	Others	25,888,964	21.98	23,744,002	20.16
	<b>Total</b>	<b>117,766,850</b>	<b>100.00</b>	<b>117,766,850</b>	<b>100.00</b>

**V. Indebtness: as at 31-03-2016 (including interest outstanding)**

Secured : NIL  
Un-secured : 108,893.85 Lakhs

**VI. Remuneration of Directors :**

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		Asif Khader	Mueed Khader	Mukkram Jan	
1.	Gross salary	1,000,000	1,000,000	1,000,000	3,000,000
	(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</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>3,000,000</b>

**VII. Penalties / Punishments / Compounding of Offences.**

There has been no penalties / punishments / compounding of offences in the year under review.

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

**Bengaluru  
12<sup>th</sup> August, 2016**

**CS P Phaneendra  
Company Secretary**

**ANNEXURE V**

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	833,333*	BE	20 Years	47 Years 6 Months	1st March 1996	-
2	MEHRAJ LANKAR	Sr. VICE PRESIDENT	833,333*	BE	18 Years 2 Months	43 Years	1st July 1998	-
3.	RAJIV MENON	Sr. VICE PRESIDENT	2,600,000	BS	24 years 2months	48 Years	2nd July 2001	iQ Infotech Pvt. Ltd

**Notes;**

- 27
- 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.

\*Resigned On July 31st 2015.



## ANNEXURE VI

### BOARD'S REPLY TO AUDITORS QUALIFICATIONS

Auditors Opinion	Management Response
<p>1. An advance of Rs. 23,978.83 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 is in active discussion with the concerned party for the settlement of this transaction</p>
<p>2. Attention of the members is invited to note 3.10 of the Financial Statements regarding recognition of deferred tax credit on account of unabsorbed losses and allowances aggregating to Rs.31,000.90 lakhs (year ended March 31, 2015 Rs. 26,965.82 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. 3.31 of the Financial Statements regarding the amounts classified under "Fixed Assets" including "Intangible Assets Under Development" amounting to Rs. 22,458.78 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>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. The Company has engaged an external consultant to re-evaluated the IP assets and the effect, if any, will be reflected in the financial statement.</p>
<p>4. In the light of the above, the appropriateness of the 'Going Concern' concept based on which the accounts have been prepared is interalia dependent on the Company's ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations.</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. 31,542 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</p>	<p>The Company is 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,</p>



<p>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 impact of these favourable settlements has not been put through the books of accounts.</p>
<p>6. (a) Legal proceedings u/s.138 of the Negotiable Instruments Act has been initiated by the following Banks against the company.</p> <ul style="list-style-type: none"> <li>i.State Bank of Travancore.</li> <li>ii.Canara Bank</li> <li>iii.Industrial Development Bank of India</li> <li>iv.State Bank of Mysore</li> <li>v.Bank of India</li> </ul> <p>These Banks 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>(b) Term Loans and working capital loans availed by the company from various banks amounting to Rs. 67,885.90 lakhs, which includes an amount of Rs. 5,157.50 lakhs taken over by an Asset Reconstruction Company, remain unpaid and are overdue since 2009.</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>8. We draw attention to Note No. 3.35 of the financial statements regarding the investment of Rs. 29,170.06 lakhs (refer point no. 5 of the audit report) made in wholly owned subsidiaries. As explained by the management, it being a long term and strategic investment, there is a reasonable certainty that there will be no diminution in the value of the investment and is confident of recovery of receivables and therefore no provisioning has been considered necessary</p>	<p>The Management is of the view, that there is no diminution in the value of the investment provided to its subsidiaries, as they are generating revenues and the investments being the nature of long term and strategic. The Management is confident to recover the receivables.</p>



## ANNEXURE VII

### FORM NO. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2016

(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  
CIN : L05190KA1984PLC031621  
#2, Tavarekere, Bannerghatta Road, 1<sup>st</sup> Phase,  
1<sup>st</sup> Stage, BTM Layout, Bangalore – 560029  
Karnataka, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Cranes Software International Limited, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31-03-2016, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Cranes Software International Limited ("the Company") for the financial year ended 31-03-2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder and I report that the Company has not filed its Annual Return and the audited financials for the year ended 31<sup>st</sup> March, 2015, according to company officials and as disclosed under the caption "Company's Master Data", on the official portal of the Ministry of Corporate Affairs. The Company has been advised to file the same immediately;
- (ii) The minute books and prescribed statutory registers need to be updated and signed by the Directors. The Company has been advised to complete the legal requirements.
- (iii) According to the information provided by the officers, the Company is generally in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, I have not carried out a detailed audit of the Securities contracts (Regulation) Act, 1956 and other related prescribed regulations for want of adequate time.

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

- (a) Secretarial Standards (SS-1 and SS-2) issued by the Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the provisions of the Companies Act, 2013, Rules, Regulations, Guidelines, Standards, etc, mentioned above. As reported above the statutory registers and minute books need up-dation and signatures of the Chairman/directors, as may be applicable.

#### I further report that

The Board of Directors of the Company is duly constituted. The Board consists of three whole-time directors including the Managing Director and two non-whole-time directors. The Company has co-opted a woman director



at the Board Meeting held on 12<sup>th</sup> August, 2016 as Additional Director and she is proposed to be appointed as an Independent Director at the ensuing Annual General Meeting of the Company to be held on 29<sup>th</sup> September, 2016. The statutory formalities relating to the said appointment have to be fulfilled by the Company at the time of writing this report. The Company has been advised to complete prescribed statutory formalities in this regard immediately.

The Company has been advised to induct a few more Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. Foreign directors generally participate in discussions through video conferencing.

According to information given to me by the officers of the Company, the Company complies with the Listing Agreement guidelines entered into with the stock exchanges. However, I am informed that trading in shares of the Company remains suspended on the National Stock Exchange at the time of writing this report.

I further report that, according to information provided to me, 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. However, the same needs to be reviewed and improved upon for better control and compliance.

**Place : Bangalore**  
**Date : 12<sup>th</sup> August, 2016**

**Name : B V Ramesh**  
**FCS No : 4558**  
**CP No : 3079**

This report to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.



To,

**The Members,  
Cranes Software International Limited  
CIN : L05190KA1984PLC031621  
#2, Tavarekere, Bannerghatta Road, 1<sup>st</sup> Phase,  
1<sup>st</sup> Stage, BTM Layout, Bangalore – 560029  
Karnataka, India**

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these Secretarial records based on my audit.
2. I have followed the audit practices and process 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.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. 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.
7. I further report that, based on the information provided by the Company, its officers, authorized representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads / Company Secretary / Managing Director taken on record by the Board of the Company, in my opinion adequate systems and process and control mechanism exist in the Company to monitor compliance of general laws like labour laws & environmental laws and data protection policy. However, the systems need review and strengthening on a regular basis.
8. I further report that the compliance by the Company of applicable financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

**Place : Bangalore  
Date : 12<sup>th</sup> August, 2016**

**Name : B V Ramesh  
FCS No : 4558  
CP No : 3079**





## ANNEXURE VIII

### 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.

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(s) 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 material contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	1. Systat Software Inc., U.S. 2. Systat Software GmbH, Germany 3. Systat Software UK Ltd.
b)	Nature of contracts/arrangements/transaction	Export of Software
c)	Duration of the contracts/arrangements/transaction	On Going
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
e)	Date(s) of approval by the Board, if any	NIL
f)	Amount paid as advances, if any	NIL

**By Order of the Board of Directors  
For Caranes Software International Limited**

**Bengaluru  
12th August, 2016**

**CS P Phaneendra  
Company Secretary**



## 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 31<sup>st</sup> March, 2016, 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting 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 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. 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 31<sup>st</sup> March, 2016 is drawn on the basis of the Principle of 'Going Concern'. We opine as follows in this connection :
  - 7.1 An advance of Rs. 23,978.83 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 3.10 of the Notes regarding recognition of deferred tax credit on account of unabsorbed losses and allowances aggregating to Rs.31,000.90 lakhs (year ended March 31, 2015 Rs. 26,965.82 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. 3.31 of the Notes regarding the amounts classified under “Fixed Assets” including “Intangible Assets Under Development” amounting to Rs. 22,458.78 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, 2016 would have been higher by Rs. 54,979.73 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 31<sup>st</sup> March, 2016, 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. 31,542 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. a) Term loans and working capital loans availed by the company from various banks amounting to Rs. 67,885.90 lakhs, which includes an amount of Rs. 5,157.50 lakhs taken over by an Asset Reconstruction Company, remain unpaid and are overdue since 2009.
- b) Legal proceedings u/s.138 of the Negotiable Instruments Act has been initiated by the following Banks against the company.
  - i. State Bank of Travancore.
  - ii. Canara Bank
  - iii. Industrial Development Bank of India
  - iv. State Bank of Mysore
  - v. Bank of India

These Banks 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. 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.
4. We would like to draw the attention of the members to note no. 3.25 of the financial statements regarding default of payments to various statutory authorities.
5. We draw attention to Note No. 3.35 of the financial statements regarding the investments (including receivables) made in wholly owned subsidiaries. As explained by the management, it being a long term and strategic investment, there is a reasonable certainty that there will be no diminution in the value of



the investment and is confident of recovery of receivables and therefore no provisioning has been considered necessary. The details of investments (including receivables) in subsidiaries are as under.

(Rs in Lakhs)

SI No.	Name of the Subsidiary	Amount
1	Caravel Info Systems Private Limited	362.33
2	Cranes Software International Pte Limited	1,553.53
3	Esqube Communication Solutions Private Limited	179.78
4	Proland Software Private Limited	781.70
5	Systat Software Gmbh	7,445.22
6	Systat Software Inc.	18,795.87
7	Tilak Auto Tech Private Limited	51.62
	Total	29,170.06

6. We further draw attention on the following non compliances under the Companies Act, 2013 and rules thereon
- Non-appointment of Woman Director as required under the second proviso to Section 149(1) of the said Act.
  - Non-appointment of Chief Financial Officer as required under section 203 of the said Act.
  - 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. 3.04 of the Financial Statements)

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

#### 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, we give in the Annexure A, 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 that:
  - 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.
  - 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;
  - 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.
  - 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.
  - 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.
  - On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and



- (h) 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. 3.25 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. 3.94 Lakhs, which is required to be transferred to the Investor Education and Protection Fund.

**For S.JANARDHAN & ASSOCIATES**

Chartered Accountants  
Firm Registration No. 005310S

**Vijay Bhatia**

Partner  
Membership No.201862

Bengaluru  
May 30, 2016



## 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 2016.

### We report that:

#### Annexure A to the Independent Auditors' Report

- 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.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.
- ii) 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 and no material discrepancies were noticed on such physical verification.
- iii) 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.
  - (a) The terms and conditions of the grant of such loans are not prejudicial to the company's interest.
  - (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 ninety days 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, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loan and investments made.
- 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	30.43
Employees State Insurance Act	ESI	5.01
Income Tax Act	Withholding Taxes	289.76
Service Tax	Service Tax	190.64
Commercial Taxes Act	Sales Tax/Value Added Tax	83.91
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	3.94

- (b) According to the information and explanations given to us, there are no disputed amounts as at 31<sup>st</sup> March 2016 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	1,261.00	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.





- viii) 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	29,392.00	From 2009 to Till Date
Canara Bank	7,902.08	From 2009 to Till Date
Industrial Development Bank of India	5,392.98	From 2009 to Till Date
State Bank of Mysore	4,768.13	From 2009 to Till Date
Bank of India	6,809.98	From 2009 to Till Date
State Bank of Travancore	6,194.04	From 2009 to Till Date
Jammu and Kashmir Bank Limited	2,268.19	From July 2013 to Till Date

- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For S.JANARDHAN & ASSOCIATES**

Chartered Accountants  
Firm Registration No. 005310S

Bengaluru  
May 30, 2016

**Vijay Bhatia**  
Partner  
Membership No.201862





## ANNEXURE - B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Cranes Software International Limited** ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Qualified Opinion**

In our opinion, subject to the qualifications and the matters specified in the 'Emphasis of Matter' paragraph as appearing in our Independent Auditor's Report of even date, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S.JANARDHAN & ASSOCIATES**

Chartered Accountants  
Firm Registration No. 005310S

Bengaluru  
May 30, 2016

**Vijay Bhatia**  
Partner  
Membership No.201862



## BALANCE SHEET

AS AT MARCH 31, 2016 CIN : L05190KA1984PLC031621

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2016	March 31, 2015
<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	(2,051,058,045)	(1,259,969,831)
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings		-	-
(b) Long-term provisions	3.03	1,700,613	5,648,164
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	3.04	4,377,761	4,377,761
(b) Trade payables	3.05	58,981,499	120,528,199
(c) Other current liabilities	3.06	14,165,054,089	12,808,475,389
(d) Short-term provisions	3.07	8,567,024	8,245,605
<b>TOTAL</b>		<b>12,423,156,641</b>	<b>11,922,838,987</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed assets			
(i) Tangible assets	3.08	122,486,451	133,579,880
(ii) Intangible assets		714,265,687	845,769,774
(iii) Intangible assets under development		2,245,878,313	2,245,878,313
(b) Non-current investments	3.09	800,917,790	800,917,790
(c) Deferred tax assets (net)	3.10	3,100,089,400	2,696,582,300
(d) Long term loans and advances	3.11	4,449,892,513	4,292,741,725
<b>(2) Current Assets</b>			
(a) Inventories	3.12	4,473,620	5,123,220
(b) Trade receivables	3.13	968,887,793	886,939,712
(c) Cash and bank balances	3.14	6,317,914	7,129,499
(d) Short-term loans and advances	3.15	9,947,161	8,176,774
<b>TOTAL</b>		<b>12,423,156,641</b>	<b>11,922,838,987</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  
DIN : 00104893

**Mueed Khader**  
Director  
DIN : 00106674

**P. Phaneendra**  
Company Secretary

Place: Bengaluru  
Date: May 30, 2016

Place: Bengaluru  
Date: May 30, 2016

**STATEMENT OF PROFIT AND LOSS**

FOR THE YEAR ENDED MARCH 31, 2016 CIN : L05190KA1984PLC031621

(Amount in Rupees)

<b>PARTICULARS</b>	<b>Note No.</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Revenue from operations	3.16	85,484,605	137,011,263
Other income	3.17	48,330,222	723,226,391
<b>Total Revenue</b>		<b>133,814,827</b>	<b>860,237,653</b>
<b>Expenses:</b>			
Cost of materials consumed		-	-
Purchase of stock-in-trade		68,215	18,255,341
Changes in inventories of stock-in-trade	3.18	649,600	(112,720)
Employee benefits expenses	3.19	36,303,434	70,120,448
Finance costs	3.20	907,102,714	1,109,772,101
Depreciation and amortization expenses	3.21	142,650,266	142,649,031
Other expenses	3.22	240,508,909	31,978,300
<b>Total Expenses</b>		<b>1,327,283,138</b>	<b>1,372,662,501</b>
<b>Loss before exceptional and extraordinary items and tax</b>		<b>(1,193,468,311)</b>	<b>(512,424,847)</b>
Exceptional Items	3.23	1,127,003	3,613,882
Loss before extraordinary items and tax		(1,194,595,314)	(516,038,729)
Extraordinary Items		-	-
Loss before tax		<b>(1,194,595,314)</b>	<b>(516,038,729)</b>
<b>Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		(403,507,100)	(382,282,900)
(3) Tax adjustment of earlier years		-	583,131
(4) MAT Credit Entitlement Reversed		-	99,500,000
<b>Loss for the period</b>		<b>(791,088,214)</b>	<b>(233,838,960)</b>
<b>Earning per equity share: (Nominal Value per Share Rs. 2)</b>			
(1) Basic / Diluted (excluding extra ordinary items, net of tax expenses)		(6.72)	(1.99)
(2) Basic / Diluted (including extra ordinary items)		(6.72)	(1.99)
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

DIN : 00104893

**Mueed Khader**

Director

DIN : 00106674

**P. Phaneendra**

Company Secretary

Place: Bengaluru

Date: May 30, 2016

Place: Bengaluru

Date: May 30, 2016



## STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2016 CIN : L05190KA1984PLC031621

(Amount in Rupees)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>Cash flows from Operating Activities</b>		
Net profit/(loss) before taxation & extraordinary items	(1,194,595,314)	(516,038,729)
<b>Adjustments for:</b>		
Foreign exchange loss / (gain) (net)	209,909,807	(701,813,471)
Depreciation and amortization	142,650,266	142,649,031
Dividend / interest income (net)	(3,851,310)	(14,490,821)
Interest expense on borrowings	907,102,714	1,109,772,101
<b>Operating profit/(loss) before working capital changes</b>	<b>61,216,163</b>	<b>20,078,111</b>
<b>Adjustments for working capital</b>		
Inventories	649,600	(112,720)
Trade receivables	(32,244,441)	(57,162,228)
Short term loans and advances	(1,428,305)	24,582,488
Current liabilities	(11,335,332)	4,259,406
<b>Cash generated from operations</b>	<b>(16,857,685)</b>	<b>(8,354,943)</b>
<b>Adjustments for</b>		
Direct taxes paid	(342,081)	(682,701)
<b>Net cash from Operations before extraordinary items</b>	<b>16,515,604</b>	<b>(9,037,644)</b>
<b>Net cash generated from Operating Activities</b>	<b>16,515,604</b>	<b>(9,037,644)</b>
<b>Cash flows from Investing Activities</b>		
Purchase of fixed assets / increase in work in progress	(52,750)	(614,410)
Dividend / interest received	3,851,310	14,490,821
<b>Net cash from Investing Activities</b>	<b>3,798,560</b>	<b>13,876,411</b>
<b>Cash flows from Financing Activities</b>		
Interest on borrowed funds	-	(2,736,143)
Borrowings	-	3,145,915
Long term loans and advances	(17,499,617)	28,597,632
Long term / short term provisions	(3,626,132)	(38,473,561)
<b>Net cash from Financing Activities</b>	<b>(21,125,749)</b>	<b>(9,466,157)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>(811,586)</b>	<b>(4,627,391)</b>
Opening cash and cash equivalents	7,129,499	11,756,890
Less: Exchange Fluctuation	-	-
<b>Closing cash and cash equivalents</b>	<b>6,317,914</b>	<b>7,129,499</b>

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

DIN : 00104893

**Mueed Khader**

Director

DIN : 00106674

**P. Phaneendra**

Company Secretary

Place: Bengaluru

Date: May 30, 2016

Place: Bengaluru

Date: May 30, 2016



## 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, 2016 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 change. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet dates.

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

(iv) Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction.

(v) The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing taxation laws.

### 2.15 Provisions and Contingent Liabilities

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



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

## 2.16 Earnings per share

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

## 2.17 Leases

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

## 2.18 Derivative instruments and hedge accounting

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

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

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

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

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

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



### 3. NOTES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016 CIN : L05190KA1984PLC031621

#### 3.01 SHARE CAPITAL

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

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<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 31-03-2016		As at 31-03-2015	
	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	-	-	-	-
<b>Balance as at the end of the year</b>	<b>117,766,850</b>	<b>235,533,700</b>	<b>117,766,850</b>	<b>235,533,700</b>

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

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

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

Name of the Shareholder	As at 31-03-2016		As at 31-03-2015	
	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 31-03-2016	As at 31-03-2015
<b>(a) Securities Premium Account</b>		
Opening balance	1,789,826,374	1,789,826,374
Add: Receipts during the year	-	-
Closing balance <b>A</b>	<b>1,789,826,374</b>	<b>1,789,826,374</b>
<b>(b) FCCB Premium Redemption Reserve</b>		
Opening balance	240,000,000	240,000,000
Add: Transfer during the year	-	-
Closing balance <b>B</b>	<b>240,000,000</b>	<b>240,000,000</b>
<b>(c) General Reserve</b>		
Opening balance	1,843,000,000	1,843,000,000
Add: Transfer during the year	-	-
Closing balance <b>C</b>	<b>1,843,000,000</b>	<b>1,843,000,000</b>
<b>(d) Balance in profit and loss account</b>		
Opening balance	(5,132,796,205)	(4,777,577,113)
Add / (Less) : Current year loss	(791,088,214)	(233,838,960)
Less: Adjustment related to fixed assets (Refer Note No. 3.08)	-	(121,380,132)
Closing balance <b>D</b>	<b>(5,923,884,419)</b>	<b>(5,132,796,205)</b>
<b>TOTAL</b>	<b>(2,051,058,045)</b>	<b>(1,259,969,831)</b>

**3.03 LONG TERM PROVISIONS**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Provision for Employee Benefits</b>		
Provision for gratuity	1,491,910	4,771,581
Provision for compensated absence	208,703	876,583
<b>TOTAL</b>	<b>1,700,613</b>	<b>5,648,164</b>

**3.04 SHORT TERM BORROWINGS-UNSECURED**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
CSIL Employees Comprehensive Gratuity Fund	4,377,761	4,377,761
<b>TOTAL</b>	<b>4,377,761</b>	<b>4,377,761</b>

**Note:** 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.

**3.05 TRADE PAYABLES**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>As at 31-03-2016</b>	<b>As at 31-03-2015</b>
Trade payables		
- Dues to micro, small and medium enterprises	-	-
- Others	58,981,499	120,528,199
(Refer Note No. 3.28 regarding disclosure as required under the provisions of MSMED Act)		
<b>TOTAL</b>	<b>58,981,499</b>	<b>120,528,199</b>

**3.06 OTHER CURRENT LIABILITIES**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>As at 31-03-2016</b>	<b>As at 31-03-2015</b>
<b>Current maturities of Long-term debt</b>		
Bondholders of FCCB (42,000 units of 1,000/- Euros each fully paid up) (Refer Note No. 3.34)	3,154,200,000	2,835,420,000
Interest payable to FCCB Bondholders	890,500,312	664,704,714
Foreign Currency Term Loan from UPS Capital	56,194,340	48,786,736
<b>Loans repayable on demand</b>		
<b>Unsecured</b>		
<b>- Term Loans from Banks</b>		
Bank of India	2,939,200,403	2,555,582,709
International Assets Reconstruction Company Pvt. Ltd.	515,749,581	442,503,964
Canara Bank	790,208,468	805,043,116
Industrial Development Bank of India	539,297,979	487,158,315
State Bank of Mysore	476,813,189	418,697,179
Jammu and Kashmir Bank Limited	226,818,672	195,105,540
<b>- Cash Credit facilities from Banks</b>		
Bank of India	680,998,249	599,476,130
State Bank of Travancore	619,403,571	546,633,432
Unclaimed Dividend	326,827	326,827
Amounts due and payable to Investor Education and Protection Fund	393,690	393,690
Statutory dues (Including Provident fund, Withholding and other taxes) (Refer Note No. 3.25)	75,013,385	68,792,975
Directors' current account	365,162,122	365,162,122
Directors' remuneration payable	29,994,021	26,342,200
Employee benefits payable	148,081,156	143,113,516
Dues to related Parties	115,221,145	78,559,231
Advance received from Customers	3,051,577	3,224,621
Unpaid dividend distribution tax	27,388,281	27,388,281
Other advances	2,511,037,122	2,246,060,092
Advance received towards sale of asset	-	250,000,000
<b>TOTAL</b>	<b>14,165,054,089</b>	<b>12,808,475,389</b>



**Defaults in repayment of Loans as at March 31, 2016**

(Amount in Rupees)

PARTICULARS	Period of Default	Amount of Default		
		Principal	Interest	Total
<b>Terms Loans from Banks</b>				
Bank of India	From 2009 to Till Date	1,400,000,000	1,539,200,403	2,939,200,403
Canara Bank	From 2009 to Till Date	250,000,000	540,208,468	790,208,468
Industrial Development Bank of India	From 2009 to Till Date	220,000,000	319,297,979	539,297,979
State Bank of Mysore	From 2009 to Till Date	250,000,000	226,813,189	476,813,189
Jammu and Kashmir Bank Ltd.	From 2013 to Till Date	144,726,065	82,092,606	226,818,672
<b>Cash Credit facilities from Banks</b>				
Bank of India	From 2009 to Till Date	300,000,000	380,998,249	680,998,249
State Bank of Travancore	From 2009 to Till Date	300,000,000	319,403,571	619,403,571
<b>Others</b>				
International Assets Reconstruction Company Pvt. Ltd.		250,000,000	265,749,581	515,749,581

**3.07 SHORT TERM PROVISIONS**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Provision for employee Benifits :</b>		
Provision for gratuity	962,839	284,850
Provision for compensated absence	114,520	120,076
Provision for Income Tax (net of advance tax and TDS)	7,489,665	7,840,679
<b>TOTAL</b>	<b>8,567,024</b>	<b>8,245,605</b>

## 3.08 FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block			Depreciation						Net Block	
	Cost as on April 1, 2015	Additions	Deletions	Total as on March 31, 2016	Upto April 1, 2015	For the year	Adjustment towards Reserve	Withdrawn	Total upto March 31, 2016	As on March 31, 2016	As on March 31, 2015
<b>Tangible Assets</b>											
Land & Building	94,712,158	-	-	94,712,158	3,755,897	1,109,962	-	-	4,865,859	89,846,299	90,956,261
Furniture & Fixtures	71,774,032	-	-	71,774,032	48,537,423	7,004,888	-	-	55,542,311	16,231,721	23,236,609
Computers	124,831,217	-	-	124,831,217	117,420,687	458,097	-	-	117,878,783	6,952,434	7,410,530
Plant & Machinery	64,197,333	52,750	-	64,250,083	53,241,995	2,514,553	-	-	55,756,549	8,493,534	10,955,338
Vehicle	19,148,149	-	-	19,148,149	18,132,064	58,678	-	-	18,190,741	957,408	1,016,085
Technical Books	101,079	-	-	101,079	96,023	-	-	-	96,023	5,056	5,056
<b>Total A</b>	<b>374,763,968</b>	<b>52,750</b>	<b>-</b>	<b>374,816,718</b>	<b>241,184,089</b>	<b>11,146,178</b>	<b>-</b>	<b>-</b>	<b>252,330,266</b>	<b>122,486,451</b>	<b>133,579,880</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	4,746,042,238	131,504,089	-	-	4,877,546,327	117,765,687	249,269,774
<b>Total B</b>	<b>5,591,812,014</b>	<b>-</b>	<b>-</b>	<b>5,591,812,014</b>	<b>4,746,042,238</b>	<b>131,504,089</b>	<b>-</b>	<b>-</b>	<b>4,877,546,327</b>	<b>714,265,687</b>	<b>845,769,774</b>
<b>Total (A + B)</b>	<b>5,966,575,982</b>	<b>52,750</b>	<b>-</b>	<b>5,966,628,732</b>	<b>4,987,226,327</b>	<b>142,650,266</b>	<b>-</b>	<b>-</b>	<b>5,129,876,593</b>	<b>836,752,138</b>	<b>979,349,654</b>
<b>Previous Year</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>





3.09 INVESTMENT

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Long-Term : Trade Investment (Unquoted - at cost)</b>		
<b>Subsidiaries :</b>		
<b>Systat Software Inc. USA</b> 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
<b>Systat Software Asia Pacific Limited</b> 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
<b>Systat Software GmbH-Germany</b> 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
<b>Cranes Software International Pte Limited - Singapore</b> 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
<b>Cranes Software Inc (erstwhile NISA Software Inc)</b> 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
<b>Tilak Auto Tech Private Limited</b> 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
<b>Analytix Systems Private Limited</b> 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
<b>Caravel Info Systems Pvt Ltd</b> 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
<b>Proland Software Pvt Ltd</b> 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
<b>Esqube Communication Solutions Private Limited</b> 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
<b>OTHERS</b>		
<b>Cranes Software Middle East LLC - UAE</b> 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
<b>TOTAL</b>	<b>800,917,790</b>	<b>800,917,790</b>





## 3.10 DEFERRED TAX ASSETS (NET)

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Deferred Tax Asset Attributable to :</b>		
Brought forward losses	901,100,700	854,640,000
Provision for retirement benefits	2,409,000	2,982,700
Provision for Bad Debts	760,348,600	646,791,100
Expenses allowable on Payment basis	1,463,957,800	1,237,902,600
<b>Less:</b>		
<b>Deferred Tax Liability Attributable to :</b>		
Difference between book and tax depreciation	(27,726,700)	(45,734,100)
<b>TOTAL</b>	<b>3,100,089,400</b>	<b>2,696,582,300</b>

## 3.11 LONG TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Unsecured, considered good</b>		
Earnest Money Deposits	4,986,617	4,795,882
Other Deposits	640,100	640,100
Rent Deposits	560,000	560,000
Security Deposits	119,598	119,598
Advance towards purchase of Shares	11,261,000	9,048,000
<b>Loans &amp; Advances:</b>		
- Related Parties (Subsidiaries) (Net of Provisions)	1,970,441,998	1,817,724,944
Other Loans and Advances	2,397,883,200	2,395,853,200
MAT Credit Entitlement	64,000,000	64,000,000
<b>TOTAL</b>	<b>4,449,892,513</b>	<b>4,292,741,725</b>

## 3.12 INVENTORY

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
Stock-in-trade	4,473,620	5,123,220
<b>TOTAL</b>	<b>4,473,620</b>	<b>5,123,220</b>



**3.13 TRADE RECEIVABLES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Debts overdue for a period exceeding six months</b>		
<b>Unsecured, considered good</b>		
From Subsidiaries	826,748,173	718,327,480
From Others	3,221,513,618	3,231,508,759
Less: Provision for doubtful debts	(3,117,300,000)	(3,117,300,000)
<b>(A)</b>	<b>930,961,791</b>	<b>832,536,239</b>
<b>Other Debts</b>		
<b>Unsecured, considered good</b>		
From Subsidiaries	35,054,506	42,937,851
From Others	2,871,495	11,465,622
<b>(B)</b>	<b>37,926,001</b>	<b>54,403,473</b>
<b>TOTAL (A + B)</b>	<b>968,887,793</b>	<b>886,939,712</b>

**3.14 CASH AND BANK BALANCES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Cash and cash equivalents:</b>		
Cash on hand	128,036	33,984
<b>Bank Balances:</b>		
In Current Accounts	417,634	1,574,314
<b>Other Bank Balances:</b>		
Balances with Bank held as Margin		
Money with maturity of 3 to 12 months	5,046,893	4,795,850
Unpaid Dividend Account	725,351	725,351
<b>TOTAL</b>	<b>6,317,914</b>	<b>7,129,499</b>

**3.15 SHORT TERM LOANS AND ADVANCES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
Prepaid expenses	186,480	176,625
Advance to Vendors for Expenses	9,760,681	8,000,149
<b>TOTAL</b>	<b>9,947,161</b>	<b>8,176,774</b>

**3.16 REVENUE FROM OPERATIONS**

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2016	For the Year March 31, 2015
(a) Sale of products		
- Hardware products	102,939	13,077,928
- Software licences	66,685,543	89,765,523
(b) Sale of services	18,696,123	34,167,812
<b>TOTAL</b>	<b>85,484,605</b>	<b>137,011,263</b>

**3.17 OTHER INCOME**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>For the Year March 31, 2016</b>	<b>For the Year March 31, 2015</b>
(a) Interest received	3,851,310	14,490,821
(b) Sundry creditors written back to the extent no longer required	41,842,676	1,170,587
(c) Exchange fluctuation gain	-	701,813,471
(d) Other income	34,555	4,170,924
(e) Excess provision for leave encashment reversed	-	297,834
(f) Provision for gratuity written back to the extent no longer required	2,601,682	1,282,754
<b>TOTAL</b>	<b>48,330,222</b>	<b>723,226,391</b>

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

(Amount in Rupees)

<b>PARTICULARS</b>	<b>For the Year March 31, 2016</b>	<b>For the Year March 31, 2015</b>
Stock at the end of the year	4,473,620	5,123,220
Stock at the beginning of the year	5,123,220	5,010,500
<b>Increase / (Decrease) in stock</b>	<b>649,600</b>	<b>(112,720)</b>

**3.19 EMPLOYEE BENEFITS EXPENSES**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>For the Year March 31, 2016</b>	<b>For the Year March 31, 2015</b>
Salaries and wages	31,153,925	63,729,455
Director remuneration	3,000,000	3,000,000
Contribution to provident and other funds	1,269,850	1,460,556
Staff welfare expenses	643,610	1,751,940
Leave encashment	236,049	178,497
<b>TOTAL</b>	<b>36,303,434</b>	<b>70,120,448</b>

**3.20 FINANCE COSTS**

<b>PARTICULARS</b>	<b>For the Year March 31, 2016</b>	<b>For the Year March 31, 2015</b>
Borrowings costs	907,102,714	1,109,772,101
<b>TOTAL</b>	<b>907,102,714</b>	<b>1,109,772,101</b>

**3.21 DEPRECIATION AND AMORTIZATION EXPENSES**

<b>PARTICULARS</b>	<b>For the Year March 31, 2016</b>	<b>For the Year March 31, 2015</b>
Depreciation on Tangible Assets	11,146,178	18,421,710
Amortization on Intangible Assets	131,504,089	124,227,321
<b>TOTAL</b>	<b>142,650,266</b>	<b>142,649,031</b>



**3.22 OTHER EXPENSES**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>For the Year March 31, 2016</b>	<b>For the Year March 31, 2015</b>
<b>Payment to auditor</b>		
- As audit fee	600,000	600,000
- As reimbursement of expenses	15,400	19,400
Power and fuel	3,567,720	4,005,681
Rent	443,661	422,544
<b>Repairs and maintenance</b>		
- Machinery	19,736	48,088
- Others	1,260,815	1,446,429
Insurance	83,050	156,497
Rates and taxes, excluding taxes on income	433,671	552,502
Marketing expenses	204,360	575,375
Travelling and conveyance	13,432,449	7,530,400
Communication expenses	2,087,622	2,588,220
Loss on Exchange Fluctuations (Net)	209,909,807	-
Legal & professional charges	6,638,569	10,283,684
Miscellaneous expenses	1,812,049	3,749,478
<b>TOTAL</b>	<b>240,508,909</b>	<b>31,978,300</b>

**3.23 EXCEPTIONAL ITEMS**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>For the Year March 31, 2016</b>	<b>For the Year March 31, 2015</b>
Prior period expenses	1,127,003	3,613,882
<b>TOTAL</b>	<b>1,127,003</b>	<b>3,613,882</b>



### 3.24 EARNINGS PER SHARE

Particulars	For the Year March 31, 2016		For the Year March 31, 2015	
	Before Extraordinary Items	After Extraordinary Items	Before Extraordinary Items	After Extraordinary Items
<b>(a) Basic</b>				
Profit / (loss) after tax (in Rs.)	(791,088,214)	(791,088,214)	(233,838,960)	(233,838,960)
Weighted average number of shares outstanding	117,766,850	117,766,850	117,766,850	117,766,850
Basic EPS	(6.72)	(6.72)	(1.99)	(1.99)
<b>(b) Diluted</b>				
Profit / (Loss) after tax (in Rs.)	(791,088,214)	(791,088,214)	(233,838,960)	(233,838,960)
Adjusted net profit for the year	(791,088,214)	(791,088,214)	(233,838,960)	(233,838,960)
Weighted average number of shares outstanding for diluted EPS	117,766,850	117,766,850	117,766,850	117,766,850
Diluted EPS	(6.72)	(6.72)	(1.99)	(1.99)
Face value per share (in Rs.)	2.00	2.00	2.00	2.00

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

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
<b>Claims against the Company not acknowledged as debts</b>		
(a) Income tax matters	672,844,163	672,844,163
(b) Service tax matters	201,702,974	138,647,868
(c) Guarantees and Counter Guarantee	5,166,491	4,795,850
(d) Directorate of Enforcement	5,000,000	5,000,000
(e) Employees Provident Fund	5,186,747	5,186,747
(f) Others	-	5,515,000
<b>TOTAL</b>	<b>889,900,375</b>	<b>831,989,628</b>

### UNDISPUTED STATUTORY DUES REMAINING UNPAID AS AT MARCH 31, 2016

(Amount in Rupees)

Name of the Statute	Nature of dues	Total Liability as at	
		31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
Employee's Provident Fund & Miscellaneous Provision Act	Provident Fund	4,159,140	2,716,746
Commercial Taxes Act	Professional Tax	158,800	29,800
Employees State Insurance Act	ESI	488,001	423,278
Income Tax Act	Withholding Taxes	38,435,141	35,792,668
Service Tax	Service Tax	20,333,524	18,119,697
Karnataka State Commercial Taxes Act	Sales Tax/Value Added Tax	8,577,968	8,283,725
Income Tax Act	Self Assessment Tax	8,901,864	8,901,864
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	393,690



**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
<b>A. Under Section 434 of Companies Act, 1956</b>		
1. Bank of New York (Trustee of Foreign Currency Convertible Bondholders)	3,154,200,000	} High Court, Karnataka
2. Bank of India	2,228,003,264	
3. Canara Bank	261,708,137	
<b>B. Under Section 138 of Negotiable Instruments Act, 1881</b>		
1. Allahabad Bank (Now transferred to IARC)	250,000,000	} Metropolitan Court, Bangalore
2. State Bank of Mysore	250,000,000	
3. Canara Bank	250,000,000	
4. Bank of India	50,000,000	
<b>C. Under Debt Recovery Act, 1993</b>		
1. Canara Bank	293,337,614	} Debt Recovery Tribunal
2. Bank of India	1,968,848,034	
3. State Bank of Mysore	310,797,206	
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	
7. Jammu and Kashmir Bank Ltd.	179,384,000	

**3.26 ACTIVITIES IN FOREIGN CURRENCY**

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
<b>Earnings in Foreign Currency</b>	<b>67,955,231</b>	<b>76,238,536</b>
FOB value of exports	64,444,121	71,419,703
Interest	3,511,110	4,818,833
<b>Expenditure incurred in Foreign Currency</b>	<b>148,257,584</b>	<b>161,125,734</b>
Trading Goods (valued on CIF basis)	-	196,686
Travelling, Boarding & Lodging Expenses	787,184	65,673
Consultancy Fee	-	7,398,197
Interest	147,470,400	153,452,880
Others	-	12,299

**3.27 DETAILS OF AUDITORS REMUNERATIONS**

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Statutory Audit	600,000	600,000
Out of Pocket Expenses	15,400	19,400
<b>TOTAL</b>	<b>615,400</b>	<b>619,400</b>



### 3.28 TRADE RECEIVABLES INCLUDE, DUES FROM SUBSIDIARY COMPANIES AS UNDER

PARTICULARS	Current Year	Previous Year
Dunn Solutions Group Inc	14,563,211	13,742,068
Systat Software Inc, USA	828,386,045	743,217,846
Systat Software GmbH, Proland Software Pvt. Ltd.	17,518,372 1,335,052	2,970,365 1,335,052
<b>TOTAL</b>	<b>861,802,680</b>	<b>761,265,331</b>

### 3.29 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.

**3.30** 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

### 3.31 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 2016 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.

### 3.32 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY INSTRUMENTS

Foreign currency exposure that are not hedged by derivative or forward contracts as on 31st March 2016 amounts to Rs.10,918,469,137/- ( Previous Year : Rs. 6,459,348,885/- )



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

(Amount in Rupees)

PARTICULARS	CURRENCY	Current Year	Previous Year
Receivables	US Dollars	89,997,384	33,063,663
	Euro	10,036,930	11,535,290
	Sterling Pound	235,896	174,698
	Arab Emirates Dhiram	295,338	295,338
	Singapore Dollar	641,856	641,856
Payables	US Dollars	967,215	997,194
	Euro	54,217,643	51,815,488
	Australian Dollar	-	6,268
	Singapore Dollar	1,236	1,236
		recognised @ Rs	recognised @ Rs
	US Dollars	66.33	62.59
	Euro	75.10	67.51
	Sterling Pound	95.09	92.46
	AED	17.99	17.02
	AUD	50.07	48.08
	SGD	49.02	45.50

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

**3.34 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. These funds fall within the meaning of 'deposit' as defined under section 73 of the Companies Act 2013. The Company has not complied with the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder.



**3.35 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)

<b>PARTICULARS</b>	<b>Current Year</b>	<b>Maximum Amount outstanding during the year</b>	<b>Previous Year</b>	<b>Maximum Amount outstanding during the previous year</b>
Cranes Software International Pte Ltd-Singapore	154,758,441	154,758,441	96,497,828	96,497,828
Cranes Software Inc	309,058,826	309,058,826	291,632,623	295,080,589
Systat Software GmbH	725,556,088	787,114,029	717,848,391	833,897,842
Systat Software Inc USA (Net of Provision)	709,823,123	710,353,817	598,932,516	764,077,785
Proland Software Pvt Ltd	44,946,112	44,946,112	44,485,018	67,121,853
Esqube Communication Solutions Pvt. Ltd.	-	-	-	23,839,058
Systat Software UK Ltd.	21,656,308	21,656,308	15,636,333	15,398,974
Cubeware GmbH	-	-	48,310,935	101,017,078
Dunn Solutions Groups Inc	4,643,100	4,643,100	4,381,300	4,381,300
<b>TOTAL</b>	<b>1,970,441,998</b>	<b>2,032,533,633</b>	<b>1,817,724,944</b>	<b>2,201,312,307</b>



**3.36 GRATUITY & LEAVE ENCASHMENT**

(Amount in Rupees)

PARTICULARS	Current Year		Previous Year	
	Gratuity	Compensated absence	Gratuity	Compensated absence
<b>(I) Change in Benefit Obligations:</b>				
Projected Benefit Obligation, beginning of the year (April 1, 2015)	5,056,431	996,659	6,339,185	
Service Cost	371,852	89,973	597,005	996,659
Interest Cost	375,187	73,952	592,714	
Actuarial (gain) / loss on obligations	(2,706,664)	(837,452)	2,736,706	
Benefits (paid / Reversals)			(5,209,179)	
<b>Projected Benefit Obligation, at the end of the year</b>	<b>3,096,806</b>	<b>323,132</b>	<b>5,056,431</b>	<b>996,659</b>
<b>(II) Change in Plan Assets:</b>				
Fair value of Plan Assets, beginning of the year (April 1, 2015)	617,454		-	
Expected return on Plan Assets	45,846		-	
Employer's contributions	-		5,826,633	
Benefit paid	-		(5,209,179)	
Actuarial (gain) / loss on Plan Assets	(21,243)		-	
<b>Fair value of Plan Assets, at the end of the year</b>	<b>642,057</b>		<b>617,454</b>	<b>-</b>
Excess of (obligation over plan assets) / plan assets over Obligation	(2,454,749)		(4,438,977)	
<b>(Accrued Liability) / Prepaid Benefit</b>	<b>(2,454,749)</b>	<b>323,132</b>	<b>(4,438,977)</b>	<b>(996,659)</b>
<b>(III) Net cost for the year ended March 31, 2016</b>				
Service Cost	371,852		597,005	
Interest on Defined Benefit Obligation	375,187		592,714	
Expected return on Plan Assets			-	
Net Actuarial (gain) / loss recognized in the year			-	
<b>Net Gratuity and other cost</b>	<b>747,039</b>		<b>1,189,719</b>	
<b>Actual Return on Plan Assets</b>	<b>26,403</b>		<b>-</b>	
<b>(IV) Category of Assets as at March 31, 2015</b>				
Insurer Managed Funds	642,057		617,454	
<b>(v) Assumptions used in accounting for the Gratuity Plan</b>				
Discount Rate	7.42%	7.90	9.35%	9.35%
Salary escalation rate	4.00%	4.00	4.00%	4.00%
Expected rate of return on Plan Assets	7.42%	-	8.00%	-

**3.37 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. 4,43,661/- for the year ended March 31, 2016. (Previous year Rs. 4,22,544/-)

Lease rentals due for the period not exceeding period of 1 year	Rs. 1,12,251/-
Lease rentals due for the period 1 to 5 years	Nil
Lease rentals due for the period exceeding 5 years	Nil

**3.38 RESEARCH & DEVELOPMENT**

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

### 3.39 RELATED PARTY DISCLOSURES AS ASCERTAINED BY THE MANAGEMENT

(Amount in Rupees)

Description of the nature of transaction	Description of Relationship	Related Party	For the Year March 31, 2016	For the Year March 31, 2015
Sale of goods	Direct Subsidiary	Systat Software Inc	40,363,136	42,355,658
	Direct Subsidiary	Systat Software GmbH	14,453,051	17,914,507
	Indirect Subsidiary	Systat Software UK Ltd.	9,627,934	10,959,547
			<b>64,444,121</b>	<b>71,229,712</b>
Purchase of goods	Indirect Subsidiary	Engineering Technology Associates Inc	-	196,686
			<b>-</b>	<b>196,686</b>
Interst received	Direct Subsidiary	Systat Software GmbH	3,511,110	4,818,833
			<b>3,511,110</b>	<b>4,818,833</b>
Remuneration paid	Key Managerial Personnel	Asif Khader	1,000,000	1,000,000
		Mueed Khader	1,000,000	1,000,000
		Mukkaram Jan	1,000,000	1,000,000
			<b>3,000,000</b>	<b>3,000,000</b>
Salary Paid	Key Managerial Personnel	P. Phaneendra	230,689	230,689
			<b>230,689</b>	<b>230,689</b>
Loans given	Direct Subsidiary	Cranes Software International Pte Ltd.	-	1,054,630
	Direct Subsidiary	Proland Software Pvt. Ltd.	461,093	-
	Indirect Subsidiary	Dunn Solutions Group Inc	-	4,206,300
	Indirect Subsidiary	Cubeware GmbH	-	40,726,250
			<b>461,093</b>	<b>45,987,180</b>

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(Amount in Rupees)

Description of the nature of transaction	Description of Relationship	Related Party	As at March 31, 2016	As at March 31, 2015
Trade Receivables	Direct Subsidiary	Systat Software Inc	828,386,045	743,217,846
	Direct Subsidiary	Systat Software GmbH	17,518,372	2,970,365
	Direct Subsidiary	Proland Software Pvt Ltd	1,335,052	1,335,052
	Indirect Subsidiary	Dunn Solutions Group Inc	14,563,211	13,742,068
			<b>861,802,680</b>	<b>761,265,331</b>
Payable at the year end	Direct Subsidiary	Analytix Systems Pvt Ltd	46,078,635	38,440,993
	Indirect Subsidiary	Cubeware GmbH	3,836,025	-
	Indirect Subsidiary	Engineering Technology Associates Inc	707,618	667,719
	Direct Subsidiary	Caravel Info Systems Pvt Ltd	46,978,926	30,819,896
	Direct Subsidiary	Tilak Autotech Pvt. Ltd.	7,323,456	2,634,086
	Direct Subsidiary	Systat Software Asia Pacific Ltd	5,294,047	5,327,215
	Key Management Personnel		365,162,122	365,162,122
		<b>475,380,829</b>	<b>443,052,032</b>	
Receivable at the year end	Direct Subsidiary	Cranes Software Inc	309,058,826	291,632,623
	Direct Subsidiary	Cranes Software International Pte Ltd	154,602,565	96,497,828
	Direct Subsidiary	Proland Software Pvt Ltd	44,946,112	44,485,018
	Direct Subsidiary	Systat Software GmbH	725,556,088	717,848,391
	Direct Subsidiary	Systat Software Inc	866,083,123.5	755,192,516
	Indirect Subsidiary	Cubeware GmbH	-	48,310,935
	Indirect Subsidiary	Systat Software UK Ltd.	21,656,308	15,636,333
	Indirect Subsidiary	Dunn Solutions Groups Inc	4,643,100	4,381,300
		<b>2,126,546,122</b>	<b>1,973,984,944</b>	



**List of Related Parties**

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

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.



### 3.40 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	64,444,120	21,040,484	85,484,605	71,229,713	65,781,550	137,011,263
2	Segment Results	(227,596,504)	(107,099,315)	(334,695,819)	(40,281,324)	(85,597,813)	(125,879,137)
	Other Income			48,330,222			723,226,391
	Operating Profit / (Loss)			(286,365,597)			597,347,254
	Interest Expenses			907,102,714			1,109,772,101
	Exceptional/extraordinary items			1,127,003			(3,613,882)
	Profit / (Loss) before tax			(1,194,595,314)			(516,038,729)
	Tax Expenses			(403,507,100)			282,199,769
	<b>Profit / (Loss) after tax</b>			<b>(791,088,214)</b>			<b>(233,838,960)</b>
3	Segments Assets	9,317,367,481	3,105,789,160	12,423,156,641	8,942,129,241	2,980,709,746	11,922,838,987
	Total Assets			12,423,156,641			11,922,838,987
	Segment liabilities	9,140,717,206	3,046,905,735	12,187,622,941	8,765,479,241	2,921,826,046	11,687,305,287
	Total Liabilities			12,187,622,941			11,687,305,287
	Segments Capital Employed (Segment Assets-Segment Liabilities)	176,650,275	58,883,425	235,533,700	176,650,000	58,883,700	235,533,700
4	Capital Expenditure	-	52,750	52,750	319,493	294,917	614,410
5	Depreciation	54,207,101	88,443,165	142,650,266	55,233,705	87,415,326	142,649,031

#### 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	85,337,222	147,383	111,944,689	25,066,574
2	Segment Result	(273,479,954)	(61,215,865)	(102,855,843)	(23,023,294)
3	Segment Assets	11,182,083,292	1,241,073,348	10,731,747,373	1,191,091,615
4	Capital Expenditure	52,223	528	502,034	112,376



**3.41** 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  
DIN : 00104893

**Mueed Khader**  
Director  
DIN : 00106674

**P. Phaneendra**  
Company Secretary

Place: Bengaluru  
Date: May 30, 2016

Place: Bengaluru  
Date: May 30, 2016





# CRANES SOFTWARE INTERNATIONAL LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS 2015-2016



## 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, 2016, 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 prepared based on the relevant records, (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. 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 31<sup>st</sup> March 2016, 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 31<sup>st</sup> March 2016.
- 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. 125,167.34 lakhs at 31<sup>st</sup> March 2016, total revenues of Rs. 38,808.65 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 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 31<sup>st</sup> March, 2016 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, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- g. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- h. 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 3.27 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. 3.94 Lakhs, which is required to be transferred to the Investor Education and Protection Fund.

**For S.JANARDHAN & ASSOCIATES**

Chartered Accountants  
Firm Registration No. 005310S

**Vijay Bhatia**

Partner  
Membership No.201862

Bengaluru  
May 30, 2016



## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Cranes Software International Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies which are incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and



- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Qualified Opinion**

In our opinion, subject to the matters specified in the 'Emphasis of Matter' paragraph as appearing in our Independent Auditor's Report of even date on the consolidated financials statements, the holding company and its subsidiaries have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to five subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

**Vijay Bhatia**  
Partner  
Membership No.201862

Bengaluru  
May 30, 2016



## CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2016 CIN : L05190KA1984PLC031621

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2016	March 31, 2015
<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	(2,945,193,754)	(1,825,028,304)
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	3.03	146,830,871	146,830,871
(b) Long-term provisions	3.04	3,516,778	7,464,329
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	3.05	122,776,811	134,564,961
(b) Trade payables	3.06	187,442,560	305,363,660
(c) Other current liabilities	3.07	14,757,259,788	13,422,272,590
(d) Short-term provisions	3.08	8,567,024	8,245,605
<b>TOTAL</b>		<b>12,516,733,778</b>	<b>12,435,247,412</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed assets			
(i) Tangible assets	3.09	138,997,897	153,245,582
(ii) Intangible assets		2,709,204,845	3,264,452,127
(iii) Intangible assets under development		2,257,378,313	2,468,003,010
(b) Non-current investments	3.10	1,786,172	1,786,172
(c) Deferred tax assets (net)	3.11	3,355,208,443	2,964,879,505
(d) Long term loans and advances	3.12	2,483,485,234	2,475,016,780
<b>(2) Current Assets</b>			
(a) Inventories	3.13	33,759,841	9,019,698
(b) Trade receivables	3.14	926,667,711	812,091,780
(c) Cash and bank balances	3.15	134,784,483	81,758,507
(d) Short-term loans and advances	3.16	475,460,840	204,994,248
<b>TOTAL</b>		<b>12,516,733,778</b>	<b>12,435,247,412</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  
DIN: 00104893

**Mueed Khader**  
Director  
DIN: 00106674

**P. Phaneendra**  
Company Secretary

Place: Bengaluru  
Date: May 30, 2016

Place: Bengaluru  
Date: May 30, 2016



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016 CIN : L05190KA1984PLC031621

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2016	March 31, 2015
Revenue from operations	3.17	3,880,864,535	3,676,364,549
Other income	3.18	69,081,898	805,501,096
<b>Total Revenue</b>		<b>3,949,946,433</b>	<b>4,481,865,645</b>
<b>Expenses:</b>			
Cost of materials consumed		-	-
Purchases of stock-in-trade		2,238,906,437	1,903,269,640
Changes in inventories of stock-in-trade	3.19	(24,740,143)	7,854,973
Employee benefit expense	3.20	1,001,085,436	1,150,326,778
Financial costs	3.21	930,933,706	1,136,432,196
Depreciation and amortization expenses	3.22	320,952,237	307,847,432
Other expenses	3.23	973,739,101	642,202,025
<b>Total Expenses</b>		<b>5,440,876,775</b>	<b>5,147,933,044</b>
<b>Loss before exceptional and extraordinary items and tax</b>		<b>(1,490,930,342)</b>	<b>(666,067,398)</b>
Exceptional items	3.24	1,127,003	9,063,868
Loss before tax		<b>(1,492,057,345)</b>	<b>(675,131,266)</b>
Tax expense:			
(1) Current tax		32,040,276	6,166,239
(2) Deferred tax		(403,507,100)	(385,645,844)
(3) Income tax for earlier year		-	809,033
(4) MAT Credit Entitlement Reversed		-	99,500,000
<b>Loss for the period</b>		<b>(1,120,590,521)</b>	<b>(395,960,693)</b>
Less: Share of minority interests		-	-
<b>Loss for the period</b>		<b>(1,120,590,521)</b>	<b>(395,960,693)</b>
<b>Earning per equity share:</b>			
(1) Basic / Diluted excluding extraordinary items, net of tax expense		(9.52)	(3.36)
(2) Basic / Diluted including extraordinary items		(9.52)	(3.36)
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

DIN: 00104893

**Mueed Khader**

Director

DIN: 00106674

**P. Phaneendra**

Company Secretary

Place: Bengaluru

Date: May 30, 2016

Place: Bengaluru

Date: May 30, 2016





## STATEMENT OF CASH FLOWS

CIN : L05190KA1984PLC031621

AS AT MARCH 31, 2016 CIN : L05190KA1984PLC031621

(Amount in Rupees)

PARTICULARS	Current year	Previous Year
<b>Cash flows from Operating Activities</b>		
Net profit / (loss) before taxation and extraordinary items	(1,492,057,345)	(675,131,265)
<b>Adjustments for:</b>		
Foreign exchange loss (Net)	213,191,837	(757,197,294)
Depreciation and amortization	320,952,237	307,847,432
Interest expense on borrowings	930,933,706	1,136,432,196
Provision for bad debts	-	270,656
Dividend / interest income (Net)	(11,958,340)	(19,102,895)
Operating profit / (Loss) before working capital changes	<b>(38,937,904)</b>	<b>(6,881,170)</b>
<b>Adjustments for working capital</b>		
Inventory	(24,740,143)	14,363,931
Trade receivables	(64,872,291)	(397,636,252)
Short term loans and advances	(270,466,592)	54,008,931
Current liabilities	(118,331,220)	(261,645,400)
<b>Cash generated from operations</b>	<b>(517,348,149)</b>	<b>(597,789,960)</b>
<b>Adjustments for</b>		
Direct taxes paid	-	-
<b>Net cash from operations before extraordinary items</b>	<b>(517,348,149)</b>	<b>(597,789,960)</b>
<b>extraordinary items</b>	<b>-</b>	<b>-</b>
<b>Net cash generated from operating activities</b>	<b>(517,348,149)</b>	<b>(597,789,960)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets / increase in work in progress	459,167,430	(26,090,171)
Dividend / interest received	11,958,340	19,102,895
<b>Net cash from investing activities</b>	<b>471,125,769</b>	<b>(6,987,275)</b>
<b>Cash flows from financing activities</b>		
Interest on borrowed funds	(3,124,757)	(2,736,143)
Borrowings / repayments	121,928,923	612,608,667
Long term loans and advances	(15,608,259)	(9,880,425)
Long term provisions	(3,947,551)	(1,590,215)
<b>Net cash from financing activities</b>	<b>99,248,355</b>	<b>598,401,884</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>53,025,975</b>	<b>(6,375,351)</b>
Opening cash and cash equivalents	81,758,507	88,133,858
<b>Closing cash and cash equivalents</b>	<b>134,784,482</b>	<b>81,758,507</b>

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

DIN: 00104893

**Mueed Khader**

Director

DIN: 00106674

**P. Phaneendra**

Company Secretary

Place: Bengaluru

Date: May 30, 2016

Place: Bengaluru

Date: May 30, 2016



## 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, 2016 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, 2016

#### 3.01 SHARE CAPITAL

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

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<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 31-03-2016		As at 31-03-2015	
	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	-	-	-	-
<b>Balance as at the end of the year</b>	<b>117,766,850</b>	<b>235,533,700</b>	<b>117,766,850</b>	<b>235,533,700</b>

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 31-03-2016		As at 31-03-2015	
	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 31-03-2016	As at 31-03-2015
<b>(a) Securities Premium Account</b>		
Opening balance	1,789,826,374	1,789,826,374
Add: Receipts during the year	-	-
Closing balance <b>A</b>	<b>1,789,826,374</b>	<b>1,789,826,374</b>
<b>(b) FCCB Premium Redemption Reserve</b>		
Opening balance	240,000,000	240,000,000
Add: Transfer during the year	-	-
Closing balance <b>B</b>	<b>240,000,000</b>	<b>240,000,000</b>
<b>(c) General Reserve</b>		
Opening balance	1,843,000,000	1,843,000,000
Add: Transfer during the year	-	-
Closing balance <b>C</b>	<b>1,843,000,000</b>	<b>1,843,000,000</b>
<b>(d) Foreign Currency Translation Reserve</b> <b>D</b>	<b>26,191,633</b>	<b>25,766,561</b>
<b>(e) Balance in profit and loss account</b>		
Opening balance	(5,723,621,240)	(5,204,477,722)
Add / (Less): Current year loss	(1,120,590,521)	(395,960,694)
Less: Adjustment related to fixed assets	-	(123,182,824)
Closing balance <b>E</b>	<b>(6,844,211,761)</b>	<b>(5,723,621,240)</b>
<b>TOTAL</b>	<b>(2,945,193,754)</b>	<b>(1,825,028,304)</b>

**3.03 LONG TERM BORROWINGS**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Secured</b>	-	-
<b>Unsecured</b>		
Foreign Currency Term Loan from UPS Capital	146,830,871	146,830,871
<b>TOTAL</b>	<b>146,830,871</b>	<b>146,830,871</b>

**3.04 LONG TERM PROVISIONS**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Provision for Employee Benefits</b>		
Gratuity	2,856,202	6,135,873
Provision for compensated absence	660,576	1,328,456
<b>TOTAL</b>	<b>3,516,778</b>	<b>7,464,329</b>



**3.05 SHORT-TERM BORROWINGS**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>As at 31-03-2016</b>	<b>As at 31-03-2015</b>
Secured loan	118,399,050	130,187,200
CSIL Employees Comprehensive Gratuity Trust	4,377,761	4,377,761
<b>TOTAL</b>	<b>122,776,811</b>	<b>134,564,961</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)

<b>PARTICULARS</b>	<b>As at 31-03-2016</b>	<b>As at 31-03-2015</b>
Trade payables		
- dues to micro, small and medium enterprises	-	-
- others	187,442,560	305,363,660
<b>TOTAL</b>	<b>187,442,560</b>	<b>305,363,660</b>

**3.07 OTHER CURRENT LIABILITIES**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>As at 31-03-2016</b>	<b>As at 31-03-2015</b>
Current maturities of long-term debt		
- Bondholders of FCCB	3,154,200,000	2,835,420,000
(42,000 units of 1,000/- Euros each fully paid up)		
- Interest payable to FCCB Bondholders	890,500,312	664,704,714
Foreign Currency Term Loan from UPS Capital	56,194,340	48,786,736
Loans repayable on demand	6,990,377,260	6,169,880,234
Unclaimed dividend	326,827	326,827
Amounts due and payable to Investor		
Education and Protection Fund	393,690	393,690
Statutory dues (Including provident fund, withholding and other taxes)	87,449,319	84,187,442
Director current account	365,162,122	365,162,122
Director Remuneration payable	29,994,021	26,342,200
Employees benefits payable	158,670,914	152,298,275
Advance received from customers	21,158,685	21,769,113
Outstanding Expenses	-	-
Unpaid dividend distribution tax	27,388,281	27,388,281
Other advances	2,975,444,017	2,775,612,956
Advance received towards sale of IP	-	250,000,000
<b>TOTAL</b>	<b>14,757,259,788</b>	<b>13,422,272,590</b>

**3.08 SHORT TERM PROVISION**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>As at 31-03-2016</b>	<b>As at 31-03-2015</b>
Provision for gratuity	962,839	284,850
Provision for compensated absence	114,520	120,076
Provision for income tax (net of advance tax and TDS)	7,489,665	7,840,679
<b>TOTAL</b>	<b>8,567,024</b>	<b>8,245,605</b>



### 3.09 FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block				Depreciation / Amortisation					Net Block	
	Cost as on April 1, 2015	Additions	Adjustment	Total as on March 31, 2016	Upto April 1, 2015	For the year	Adjustment to Reserve	Withdrawn	Total upto March 31, 2016	As on March 31, 2016	As on March 31, 2015
<b>Tangible Assets</b>											
Land & Building	94,712,158	-	-	94,712,158	3,755,897	1,109,962	-	-	4,865,859	89,846,299	90,956,261
Furniture & Fixtures	91,332,130	-	-	91,332,130	65,273,076	8,371,949	-	-	73,645,025	17,687,105	26,059,054
Computers	181,647,776	-	-	181,647,776	166,951,280	2,624,926	-	-	169,576,206	12,071,570	14,696,496
Plant & Machinery	102,674,808	3,319,103	-	105,993,911	82,274,400	5,401,275	-	-	87,675,675	18,318,235	20,400,408
Vehicle	21,502,098	-	-	21,502,098	20,368,733	58,677	-	-	20,427,410	1,074,688	1,133,365
<b>Total A</b>	<b>491,868,970</b>	<b>3,319,103</b>	<b>-</b>	<b>495,188,073</b>	<b>338,623,386</b>	<b>17,566,789</b>	<b>-</b>	<b>-</b>	<b>356,190,175</b>	<b>138,997,897</b>	<b>153,245,585</b>
<b>Intangible Assets</b>											
Goodwill	1,893,176,153	-	(389,200,000)	1,503,976,153	-	-	-	-	-	1,503,976,153	1,893,176,153
Computer Software	7,157,237,752	137,338,165	-	7,294,575,917	5,785,961,778	303,385,448	-	-	6,089,347,226	1,205,228,691	1,371,275,974
<b>Total B</b>	<b>9,050,413,905</b>	<b>137,338,165</b>	<b>(389,200,000)</b>	<b>8,798,552,070</b>	<b>5,785,961,778</b>	<b>303,385,448</b>	<b>-</b>	<b>-</b>	<b>6,089,347,226</b>	<b>2,709,204,844</b>	<b>3,264,452,127</b>
<b>Total (A + B)</b>	<b>9,542,282,875</b>	<b>140,657,268</b>	<b>(389,200,000)</b>	<b>9,293,740,143</b>	<b>6,124,585,165</b>	<b>320,952,237</b>	<b>-</b>	<b>-</b>	<b>6,445,537,401</b>	<b>2,848,202,741</b>	<b>3,417,697,712</b>
Previous Year	9,215,127,772	327,155,103	-	9,542,282,875	5,635,244,908	307,847,432	181,492,825	-	6,124,585,165	3,417,697,712	3,579,882,864

**3.10 NON CURRENT INVESTMENTS**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Cranes Software Middle East LLC - UAE :</b> 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
<b>TOTAL</b>	<b>1,786,172</b>	<b>1,786,172</b>

**3.11 DEFERRED TAX ASSETS (NET)**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Deferred Tax Assets Attributable to :</b>		
Brought forward losses	1,156,219,743	1,122,937,205
Provision for retirement benefits	2,409,000	2,982,700
Provision for Bad debts	760,348,600	646,791,100
Expenses allowable when paid	1,463,957,800	1,237,902,600
<b>Less:</b>		
<b>Deferred Tax Liability Attributable to :</b>		
Difference between book and tax depreciation	(27,726,700)	(45,734,100)
<b>TOTAL</b>	<b>3,355,208,443</b>	<b>2,964,879,505</b>

**3.12 LONG TERM LOANS AND ADVANCES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Unsecured, considered good</b>		
Earnest money deposits	5,426,617	4,795,882
Other deposits	4,217,324	640,100
Rent deposits	560,000	560,000
Security deposits	137,093	119,598
Advance towards purchase of shares	11,261,000	9,048,000
<b>Loans &amp; Advance</b>		
Other Loans and Advances	2,397,883,200	2,395,853,200
MAT Credit Entitlement	64,000,000	64,000,000
<b>TOTAL</b>	<b>2,483,485,234</b>	<b>2,475,016,780</b>

**3.13 INVENTORIES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
Stock-in-trade	33,759,841	9,019,698
<b>TOTAL</b>	<b>33,759,841</b>	<b>9,019,698</b>



**3.14 TRADE RECEIVABLES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Debts overdue for a period exceeding six months</b>		
From related party	-	-
From others	4,026,379,321	3,922,769,946
Less: Provision for doubtful debts	(3,126,126,865)	(3,122,494,970)
<b>(A)</b>	<b>900,252,456</b>	<b>800,274,976</b>
<b>Other Debts</b>		
Unsecured, considered good		
From Related Party		
Other Debts	26,415,254	11,816,804
<b>(B)</b>	<b>26,415,254</b>	<b>11,816,804</b>
<b>TOTAL (A + B)</b>	<b>926,667,711</b>	<b>812,091,780</b>

**3.15 CASH AND BANK BALANCES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
<b>Cash and cash equivalents:</b>		
Cash on hand	132,901	35,849
<b>Bank balances:</b>		
In Current accounts	122,062,912	70,910,455
In Deposit accounts	6,816,425	5,291,002
<b>Other bank balances:</b>		
Balances with bank held as Margin Money with Maturity of 3 to 12 Months	5,046,893	4,795,850
In Dividend Accounts	725,351	725,351
<b>TOTAL</b>	<b>134,784,482</b>	<b>81,758,507</b>

**3.16 SHORT TERM LOANS AND ADVANCES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2016	As at 31-03-2015
Prepaid expenses	50,421,794	12,556,489
Advance to Vendors for Expenses	22,715,394	14,782,151
Balances with revenue authorities	2,924,135	879,362
Others	399,399,517	176,776,247
<b>TOTAL</b>	<b>475,460,840</b>	<b>204,994,248</b>

**3.17 REVENUE FROM OPERATIONS**

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2016	For the Year March 31, 2015
(a) Sale of products		
- Hardware products	14,409,014	21,515,228
- Software licences	662,200,431	1,631,982,892
(b) Sale of services	3,204,255,090	2,022,866,429
<b>TOTAL</b>	<b>3,880,864,535</b>	<b>3,676,364,549</b>

**3.18 OTHER INCOME**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>For the Year March 31, 2016</b>	<b>For the Year March 31, 2015</b>
(a) Interest received	11,958,340	19,102,895
(b) Liabilities written back to the extent no longer required	41,842,676	1,170,587
(c) Exchange fluctuation gain	-	754,420,645
(d) Other income	12,679,201	29,226,381
(e) Excess provision for leave encashment reversed	-	297,834
(f) Provision for Gratuity written back to the extend no longer required	2,601,682	1,282,754
<b>TOTAL</b>	<b>69,081,898</b>	<b>805,501,096</b>

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

(Amount in Rupees)

<b>PARTICULARS</b>	<b>For the Year March 31, 2016</b>	<b>For the Year March 31, 2015</b>
Stock at the end of the year	33,759,841	9,019,698
Stock at the beginning of the year	9,019,698	16,874,671
<b>Increase / (Decrease) in stock</b>	<b>(24,740,143)</b>	<b>7,854,973</b>

**3.20 EMPLOYEE BENEFITS EXPENSES**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>For the Year March 31, 2016</b>	<b>For the Year March 31, 2015</b>
Salaries and wages	995,691,174	1,037,468,007
Director remuneration	3,000,000	3,000,000
Contribution to provident and other funds	1511,056	107,923,254
Staff welfare expenses	647,157	1,757,020
Leave encashment paid	236,049	178,497
<b>TOTAL</b>	<b>1,001,085,436</b>	<b>1,150,326,778</b>

**3.21 FINANCE COSTS**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>For the Year March 31, 2016</b>	<b>For the Year March 31, 2015</b>
Interest on long term borrowings	3,124,757	2,736,143
Other borrowing costs	927,808,949	1,133,696,053
<b>TOTAL</b>	<b>930,933,706</b>	<b>1,136,432,196</b>

**3.22 DEPRECIATION AND AMORTIZATION EXPENSES**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>For the Year March 31, 2016</b>	<b>For the Year March 31, 2015</b>
Depreciation on tangible assets	17,566,789	23,553,406
Amortization on intangible assets	303,385,448	284,294,026
<b>TOTAL</b>	<b>320,952,237</b>	<b>307,847,432</b>



**3.23 OTHER EXPENSES**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>For the Year March 31, 2016</b>	<b>For the Year March 31, 2015</b>
<b>Payment to auditor</b>		
-As audit fee	1,753,111	1,685,996
-As reimbursement of expenses	15,400	19,400
Power and fuel	3,567,720	12,293,654
Rent	60,177,769	96,567,545
<b>Repairs and Maintenance</b>		
- Machinery	19,736	215,299
- Others	9,306,751	12,214,257
Insurance	26,051,660	26,350,209
Rates and taxes, excluding taxes on income	6,828,388	5,268,544
Provision for bad and doubtful debts	-	270,656
Marketing expenses	18,524,454	17,175,918
Sales commission	74,533,536	73,378,516
Bad debts	10,066,864	4,388,015
Travelling expenses	50,162,515	45,575,548
Communication expenses	15,535,684	14,709,687
Exchange fluctuations	212,766,766	-
Legal & professional charges	190,724,518	36,267,565
Miscellaneous expenses	293,704,231	295,821,212
<b>TOTAL</b>	<b>973,739,101</b>	<b>642,202,023</b>

**3.24 EXCEPTIONAL ITEMS**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>For the Year March 31, 2016</b>	<b>For the Year March 31, 2015</b>
Prior period expenses	1,127,003	9,063,868
<b>TOTAL</b>	<b>1,127,003</b>	<b>9,063,868</b>



## 3.26 EARNINGS PER SHARE

Particulars	For the year 31.03.2016		For the year 31.03.2015	
	Before Extraordinary Items	After Extraordinary Items	Before Extraordinary Items	After Extraordinary Items
<b>(a) Basic</b>				
Profit / (loss) after tax (in Rupees)	(1,120,590,521)	(1,120,590,521)	(395,960,693)	(395,960,693)
Weighted average number of shares outstanding	117,766,850	117,766,850	117,766,850	117,766,850
Basic EPS	(9.52)	(9.52)	(3.36)	(3.36)
<b>(b) Diluted</b>				
Profit / (loss) after tax (in Rupees)	(1,120,590,521)	(1,120,590,521)	(395,960,693)	(395,960,693)
Adjusted net profit for the year	(1,120,590,521)	(1,120,590,521)	(395,960,693)	(395,960,693)
Weighted average number of shares outstanding for diluted EPS	117,766,850	117,766,850	117,766,850	117,766,850
Diluted EPS	(9.52)	(9.52)	(3.36)	(3.36)
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-16
ii.	Systat Software Asia Pacific Limited	India	100%	31-Mar-16
iii.	Systat Software GmbH	Germany	100%	31-Mar-16
iv.	Cranes Software International Pte. Ltd.	Singapore	100%	31-Mar-16
v.	Cranes Software Inc., (Earlier known as NISA Software Inc)	USA	100%	31-Mar-16
vi.	Analytix Systems Private Limited	India	100%	31-Mar-16
vii.	Tilak Autotech Pvt Ltd	India	100%	31-Mar-16
viii.	Dunn Solutions Group Inc.,	USA	Wholly Owned subsidiary of Cranes Software Inc	31-Mar-16
ix.	Caravel Info Systems Pvt Ltd	India	100%	31-Mar-16
x.	Proland Software Pvt Ltd	India	100%	31-Mar-16
xi.	Engineering Technology Associates Inc. USA	USA	Wholly Owned subsidiary of Cranes Software Inc	31-Mar-16
xii.	Engineering Technology Associates Inc. (Shanghai)	China	Wholly Owned subsidiary of Engineering Technology Associates Inc, USA	31-Mar-16
xiii.	Esqube Communication Solutions Pvt Ltd	India	76%	31-Mar-16
xiv.	Cubeware GmbH, with its Wholly owned subsidiaries in Austria and Switzerland	Germany	Wholly owned subsidiary of Systat Software GmbH	31-Mar-16
xv.	Dunn Solutions India Pvt. Ltd.	India	Wholly owned subsidiary of Dunn Solutions Group Inc	31-Mar-16



**3.28 CONTINGENT LIABILITIES AND COMMITMENTS**

(to the extent not provided for)

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
<b>Claims against the Company not acknowledged as debts</b>		
(a) Income tax matters	672,844,163	672,844,163
(b) Service tax matters	201,702,974	138,647,868
(c) Guarantees and counter guarantee	11,982,916	4,795,850
(d) Directorate of Enforcement	5,000,000	5,000,000
(e) Employees Providend Fund	5,186,747	5,186,747
(f) Others		5,515,000
<b>TOTAL</b>	<b>896,716,800</b>	<b>831,989,628</b>

**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
<b>A. Under Section 434 of Companies Act, 1956</b>		
1. Bank of New York (Trustee of Foreign Currency Convertible Bondholders)	3,154,200,000	} High Court, Karnataka
2. Bank of India	2,228,003,264	
3. Canara Bank	261,708,137	
<b>B. Under Section 138 of Negotiable Instruments Act, 1881</b>		
1. Allahabad Bank (Now transferred to IARC)	250,000,000	} Metropolitan Court, Bangalore
2. State Bank of Mysore	250,000,000	
3. Canara Bank	250,000,000	
4. Bank of India	50,000,000	
<b>C. Under Debt Recovery Act, 1993</b>		
1. Canara Bank	293,337,614	} Debt Recovery Tribunal
2. Bank of India	1,968,848,034	
3. State Bank of Mysore	310,797,206	
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	
7. Jammu and Kashmir Bank Ltd.	322,886,239	





### 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	3,000,000	-
Payable at the year end	Current Year	395,156,143	-
	Previous Year	391,504,322	-

#### 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)

SI. No.	Particulars	Current Year			Previous Year		
		Export	Domestic	Total	Export	Domestic	Total
1	Segment Revenue	3,835,561,406	45,303,129	3,880,864,535	3,598,668,614	77,695,935	3,676,364,549
2	Segment Results	(434,064,188)	(195,014,345)	(629,078,534)	(231,244,045)	(103,892,252)	(335,136,297)
	Other Income			69,081,898	-	-	805,501,096
	Operating Profit			(559,996,636)			470,364,799
	Interest Expenses			930,933,706			1,136,432,196
	Exceptional / extraordinary items			1,127,003			9,063,868
	Profit / (loss) before tax			(1,492,057,345)			(675,131,265)
	Tax Expenses			(371,466,824)			(279,170,572)
	Profit / (loss) after tax			(1,120,590,521)			(395,960,692)
3	Segments Assets	9,387,425,166	3,129,308,612	12,516,733,778	9,326,311,206	3,108,936,205	12,435,247,412
	Total Assets			12,516,733,778	-	-	12,435,247,412
	Segment liabilities	9,210,775,166	3,070,424,911	12,281,200,078	9,149,661,207	3,050,052,505	12,199,713,712
	Total Liabilities			12,281,200,078	-	-	12,199,713,712
	Segments Capital Employed (Segment Assets-Segment Liabilities)	176,649,999	58,883,700	235,533,700	176,650,000	58,883,700	235,533,700
4	Capital Expenditure	140,404,085	253,183	140,657,268	326,540,693	614,410	327,155,103
5	Depreciation	128,380,895	192,571,342	320,952,237	92,354,230	215,493,202	307,847,432

**Secondary Segment Information - Business Segment**

(Amount in Rupees)

SI.No.	Particulars	Current Year		Previous Year	
		Proprietary Products and Services	Product Alliances	Proprietary Products and Services	Product Alliances
1	Segment Revenue	3,880,717,152	147,383	3,651,297,975	25,066,574
2	Segment Result	(567,862,669)	(61,215,865)	(330,913,580)	(4,222,717)
3	Segment Assets	12,360,274,605	156,459,172	12,278,563,294	156,684,117
4	Capital Expenditure	138,899,052	1,758,216	323,032,949	4,122,154

**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  
 DIN: 00104893

**Mueed Khader**  
 Director  
 DIN: 00106674

**P. Phaneendra**  
 Company Secretary

Place: Bengaluru  
 Date: May 30, 2016

Place: Bengaluru  
 Date: May 30, 2016

## 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.

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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	31.3.2016	31.3.2016	31.3.2016	31.3.2016	31.3.2016	31.3.2016	31.3.2016	31.3.2016	31.3.2016	31.3.2016
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	828,489	(10,763,237)	1,453,727	(1,263,847)	(15,235,794)	(2,100,975)	(18,346,563)	778,969	(49,214,777)	(5,074,117)
Total Assets	5,270,031	17,769,636	5,290,076	3,790,401	76,136,666	25,705,781	9,549,593	46,078,637	18,808,349	26,749,841
Total Liabilities	5,270,031	17,769,636	5,290,076	3,790,401	76,136,666	25,705,781	9,549,593	46,078,637	18,808,349	26,749,841
Investments	-	-	-	-	-	-	-	-	-	-
Turnover	12,172,461	2,967,377	-	-	24,830,230	42,365,448	-	-	-	10,029
Profit / (Loss) before Tax	(2,226,196)	(2,991,711)	(17,039)	-	(5,762,768)	1,286,152	(16,854)	(17,620)	(18,710,995)	(485,301)
Provision for Tax	38,259	800	-	-	-	446,344	-	-	-	-
Profit / (Loss) After Tax	(2,264,455)	(2,992,511)	(17,039)	-	(5,762,768)	839,808	(16,854)	(17,620)	(18,710,995)	(485,301)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-



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## **Cranes Software International Limited**

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