

CRANES SOFTWARE INTERNATIONAL LIMITED
 Regd Office : # 2, Tavarekere, Bannerghatta Road, Stage-1, Phase-1, BTM Layout
 BANGALORE - 560 029.

Statement of Audited Financial Result for the Quarter and Year Ended 31st March, 2014

PART-1

(Rs.In Lakhs)

SL. No.	Particulars	Standalone					Consolidated				
		3 Months Ended			Year Ended		3 Months Ended			Year Ended	
		31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013
		Audited	Unaudited	Audited	Audited		Audited	Unaudited	Audited	Audited	
1	Income from Operations										
	(a)Net Sales/Income from Operations	392.47	635.80	579.28	1,973.26	2,149.79	8,364.41	9,275.64	8,259.07	33,923.01	30,996.90
	(b)Other Operating Income	-	-	-	-	-	-	-	-	-	-
	Total Income from Operations (Net)	392.47	635.80	579.28	1,973.26	2,149.79	8,364.41	9,275.64	8,259.07	33,923.01	30,996.90
2	Expenses										
	(a) Cost of materials consumed	63.20	75.56	171.26	362.38	405.98	3,313.72	4,562.85	4,310.76	16,195.33	14,675.91
	(b) Purchase of Stock-in-Trade	-	-	-	-	-	-	-	-	-	-
	(c) Changes in inventories of finished goods and work-in-progress	4.71	17.70	(9.32)	27.17	44.76	4.71	17.70	226.35	27.17	280.43
	(d) Employee benefit expense	242.14	195.87	321.14	834.77	976.85	1,965.31	3,015.11	2,254.18	10,690.56	9,860.92
	(e) Depreciation and amortization expense	262.80	925.54	1,039.54	3,039.42	4,237.51	631.45	1,261.19	62.00	4,379.57	5,421.78
	(f) Other expenses	11,479.76	939.22	14,381.94	15,115.55	15,681.26	12,334.29	2,130.99	16,273.80	21,026.26	21,111.80
	Total Expenses	12,052.61	2,153.89	15,904.56	19,379.29	21,346.36	18,249.48	10,987.84	23,127.09	52,318.89	51,350.84
3	Profit/(Loss) from Operations before Other Income, Finance Costs & Exceptional Items (1-2)	(11,660.14)	(1,518.09)	(15,325.29)	(17,406.03)	(19,196.57)	(9,885.08)	(1,712.20)	(14,868.02)	(18,395.89)	(20,353.94)
4	Other Income	1,153.03	0.49	230.00	729.69	1,774.37	772.21	69.98	509.22	1,042.90	2,086.74
5	Profit/(Loss) from ordinary activities before finance costs but before exceptional items (3+4)	(10,507.11)	(1,517.60)	(15,095.29)	(16,676.34)	(17,422.20)	(9,112.87)	(1,642.22)	(14,358.80)	(17,352.99)	(18,267.20)
6	Finance costs	2,162.37	2,490.67	2,341.73	9,470.93	9,021.10	2,242.14	2,533.96	2,570.20	9,667.28	9,313.96
7	Profit/(Loss) from Ordinary activities after finance costs but before exceptional items (5-6)	(12,669.48)	(4,008.27)	(17,437.02)	(26,147.27)	(26,443.30)	(11,355.00)	(4,176.18)	(16,929.00)	(27,020.27)	(27,581.16)
8	Exceptional Items	110.40	-	7.11	110.40	7.11	88.29	-	7.11	88.29	7.11
9	Profit/(Loss) from ordinary activities before tax (7 - 8)	(12,559.09)	(4,008.27)	(17,444.13)	(26,036.87)	(26,450.42)	(11,266.71)	(4,176.18)	(16,936.11)	(26,931.97)	(27,588.27)
10	Tax expense	3,486.29	1,495.12	17.66	9,184.23	1,093.17	4,135.80	1,417.06	504.26	9,780.15	1,401.13
11	Net Profit/(Loss) from ordinary activities after tax (9-10)	(9,072.80)	(2,513.15)	(17,426.47)	(16,852.64)	(25,357.26)	(7,130.91)	(2,759.12)	(16,431.85)	(17,151.82)	(26,187.14)
12	Extraordinary Items	6,854.93	-	6,854.93	6,854.93	6,854.93	6,854.93	-	6,854.93	6,854.93	-
13	Net Profit/(Loss) for the period (11-12)	(2,217.87)	(2,513.15)	(17,426.47)	(9,997.71)	(25,357.26)	(275.98)	(2,759.12)	(16,431.85)	(10,296.89)	(26,187.14)
14	Minority Interest	-	-	-	-	-	-	-	0.47	-	0.61
15	Net Profit/(Loss) after Taxes, minority interest and share of profit/Loss of associates(13+14)	(2,217.87)	(2,513.15)	(17,426.47)	(9,997.71)	(25,357.26)	(275.98)	(2,759.12)	(16,431.38)	(10,296.89)	(26,186.53)
16	Paid-up equity share capital (Face Value of Rs.2/-)	2355.34	2355.34	2355.34	2355.34	2355.34	2355.34	2355.34	2355.34	2355.34	2355.34
17	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	(9,047.51)	950.21	-	-	-	(13,031.08)	(863.83)
18i	Earnings Per Share (before extraordinary items)										
	i) Basic	(7.70)	(2.13)	(14.80)	(14.31)	(21.53)	(6.06)	(2.34)	(13.95)	(14.56)	(22.24)
	ii)Diluted	(7.70)	(2.13)	(14.80)	(14.31)	(21.53)	(6.06)	(2.34)	(13.95)	(14.56)	(22.24)
18ii	Earnings Per Share (after extraordinary items)										
	i) Basic	(1.88)	(2.13)	(14.80)	(8.49)	(21.53)	(0.23)	(2.34)	(13.95)	(8.74)	(22.24)
	ii)Diluted	(1.88)	(2.13)	(14.80)	(8.49)	(21.53)	(0.23)	(2.34)	(13.95)	(8.74)	(22.24)



CRANES SOFTWARE INTERNATIONAL LIMITED
Select Information for the Quarter and Year ended 31st March 2014

PART-2

SL No	PARTICULARS	3 Months Ended			Year ended	
		31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013
A	PARTICULARS OF SHAREHOLDING					
1	Public Shareholding					
	- Number of shares	110,247,850	110,247,850	110,247,850	110,247,850	110,247,850
	- Percentage of shareholding	93.62%	93.62%	93.62%	93.62%	93.62%
2	Promoters and Promoter Group Shareholding					
	(a) Pledged / Encumbered					
	- Number of shares	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	13.30%	13.30%	13.30%	13.30%	13.30%
	- Percentage of shares (as a % of the total share capital of the company)	0.85%	0.85%	0.85%	0.85%	0.85%
	(b) Non-encumbered					
	- Number of shares	6,519,000	6,519,000	6,519,000	6,519,000	6,519,000
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	86.70%	86.70%	86.70%	86.70%	86.70%
	- Percentage of shares (as a % of the total share capital of the company)	5.54%	5.54%	5.54%	5.54%	5.54%

B INVESTOR COMPLAINTS FOR 3 MONTHS ENDED 31ST MARCH 2014				
	Pending at the beginning of the Quarter	Received during the Quarter	Disposed of during the Quarter	Remaining unresolved at the end of the Quarter
	-	-	-	-



CRANES SOFTWARE INTERNATIONAL LIMITED
Segment Wise Revenue, Results & Capital Employed for the Quarter and Year ended 31st March 2014

(Rs.In Lakhs)

SL. No.	Particulars	Standalone					Consolidated				
		3 Months Ended			Year Ended		3 Months Ended			Year Ended	
		31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013
		Audited	Unaudited	Audited	Audited		Audited	Unaudited	Audited	Audited	
1	Segment Revenue										
	(a) International	158.83	200.30	203.20	764.07	935.16	7,995.27	8,765.35	7,789.58	32,452.77	29,617.19
	(b) Domestic	233.64	435.50	376.08	1,209.19	1,214.64	369.14	510.29	469.50	1,470.23	1,379.71
	Total	392.47	635.80	579.28	1,973.26	2,149.80	8,364.40	9,275.63	8,259.07	33,923.01	30,996.90
	Less: Inter Segment Revenue										
	Net sales/Income From Operations	392.47	635.80	579.28	1,973.26	2,149.80	8,364.40	9,275.63	8,259.07	33,923.01	30,996.90
2	Segment Results (Profit)(+)/ Loss (-) before tax and interest from Each segment)										
	(a) International	(3,731.25)	(485.79)	(3,921.20)	(5,569.93)	(4,889.03)	(3,163.22)	(547.90)	(4,757.77)	(5,886.68)	(5,178.37)
	(b) Domestic	(7,928.90)	(1,032.30)	(11,404.09)	(11,836.10)	(14,307.54)	(6,721.85)	(1,164.29)	(10,110.25)	(12,509.20)	(15,175.57)
	Total	(11,660.14)	(1,518.09)	(15,325.29)	(17,406.03)	(19,196.57)	(9,885.08)	(1,712.20)	(14,868.02)	(18,395.89)	(20,353.94)
	Less: i) Interest	2,162.37	2,490.67	2,341.73	9,470.93	9,021.10	2,242.14	2,533.96	2,570.20	9,667.28	9,313.96
	ii) Other Un-allocable Expenditure net off										
	(iii) Un-allocable income	1,153.03	0.49	230.00	729.69	1,774.37	772.21	69.98	509.22	1,042.90	2,086.74
	Total Profit Before Tax	(12,669.48)	(4,008.27)	(17,437.02)	(26,147.27)	(26,443.30)	(11,355.00)	(4,176.18)	(16,929.00)	(27,020.27)	(27,581.17)
3	Capital Employed										
	(Segment assets – Segment Liabilities)										
	(a) International	1,766.50	1,766.50	1,766.50	1,766.50	1,766.50	1,766.50	1,766.50	1,766.50	1,766.50	1,766.50
	(b) Domestic	588.83	588.83	588.83	588.83	588.83	588.83	588.83	588.83	588.83	588.83
	Total	2,355.34	2,355.34	2,355.34	2,355.34	2,355.34	2,355.34	2,355.34	2,355.34	2,355.34	2,355.34



STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH 2014

(Rs.in Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	As at	As at	As at	As at
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Audited		Audited	
A EQUITY AND LIABILITIES				
1 Shareholders' Funds				
a) Share Capital	2,355.34	2,355.34	2,355.34	2,355.34
b) Reserves and surplus	(9,047.51)	950.21	(13,031.08)	(863.83)
Shareholders' Funds	(6,692.17)	3,305.54	(10,675.74)	1,491.51
2 Minority Interest				
3 Non-current liabilities				
a) Long term borrowings	1,478.95	3,092.19	2,947.26	4,181.91
b) Long term provisions	72.43	80.95	90.55	99.23
Non-current liabilities	1,551.38	3,173.14	3,037.80	4,281.14
4 Current liabilities				
a) Short term borrowings	876.72	202.74	1,477.72	920.69
b) Trade payables	7,672.75	5,307.40	7,963.47	6,375.95
c) Other current liabilities	115,869.42	109,150.53	118,619.26	114,631.67
d) Short terms provisions	451.24	227.09	451.24	227.09
Current liabilities	124,870.13	114,887.76	128,511.70	122,155.40
TOTAL - EQUITY AND LIABILITIES	119,729.34	121,366.44	120,873.76	127,928.05
B ASSETS				
1 Non-current assets				
a) Fixed Assets	35,469.53	39,040.49	63,489.51	67,121.10
b) Non-current Investments	8,009.18	8,009.18	17.86	17.86
c) Deferred tax assets	22,559.89	13,249.77	25,105.47	15,038.50
d) Long-term loans and advances	43,461.49	41,094.02	24,208.13	24,422.21
e) Other Non-current assets				
Non-current assets	109,500.09	101,393.46	112,820.98	106,599.67
2 Current assets				
a) Inventories	50.11	77.28	233.84	195.92
b) Trade receivables	8,042.54	17,396.67	3,892.02	17,085.68
c) Cash and cash equivalents	117.57	127.08	881.34	1,041.12
d) Short-term loans and advances	2,019.03	2,371.96	3,045.58	3,005.66
e) Other current assets				
Current assets	10,229.24	19,972.99	8,052.78	21,328.39
TOTAL - ASSETS	119,729.34	121,366.44	120,873.76	127,928.05



Notes:

1. The above results have been approved by the Audit Committee and taken on record by the Board of Directors at its meeting held on May 29, 2014
2. The Boards of Directors are hopeful of settling its liabilities with the banks and Bond Holders and normalize its business operations within a period of six months.
3. The consolidated results have been prepared in line with the requirements of Accounting Standards-21 "Consolidated Financial Statements".
4. No Investor complaints were received during the Quarter.
5. Extraordinary income for the quarter is on account of write back of principal and interest on settlement of dues with banks of Rs.6,854.93 Lakhs
6. Other expenses includes provision made for bad and doubtful debts and advance of Rs. 11,435.60 Lakhs
7. Other Income for the quarter includes foreign exchange gain of Rs.472.42 Lakhs on account of restatement of assets and liabilities
8. Previous year period figures have regrouped/reclassified wherever necessary.

Cranes Software International Limited


(Asif Khader)
Managing Director

28-May-14
Bangalore



S. JANARDHAN & ASSOCIATES

CHARTERED ACCOUNTANTS

VIJAY BHATIA, B.com., F.C.A.,
BALAKRISHNA S.BHAT, B.com., F.C.A.,
B. ANAND, B.Sc.,F.C.A.,



Apt. No.103 & 106
Embassy Centre
No.11, Crescent Road
Bangalore - 560 001

Phone :22265438, 22260055
22202709 Fax: 22265572
E-mail : ca.sjassociates@gmail.com

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Members of Cranes Software International Limited,

1. We have examined the attached Consolidated Balance Sheet of M/s. Cranes Software International Limited, Bangalore, (the Company) and its subsidiaries as at 31st March 2014, and Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended on that date annexed thereto.
2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. We would like to opine as follows:
 1. **Our audit report has to be read along with the observations and qualifications as appearing in our audit report of even date in respect of the standalone financials of Cranes Software International Limited.**
 2. **Consolidated accounts of the Company includes, "unaudited financials of Cranes Software Pte Limited, Singapore and not audited financials.**
7. We did not audit the financial statements of Subsidiary Companies, whose financial statements reflect total assets of Rs. 43,011.30 Lakhs as at March 31, 2014 and total revenues (including other income) of Rs. 34,640.20 Lakhs for the year then ended and expenditure amounting to Rs. 35,513.24 Lakhs. These financial statements have been audited by other Auditors (except for those stated above), whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included in respect of the Subsidiary Companies, is based solely on the report of the other Auditors (except for those stated above).
8. In our opinion and to the best of our information and according to the explanations given to us, subject to note no. 6 above, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - b) in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date

For S. Janardhan & Associates
Chartered Accountants
Firm Registration No: 0053105



Vijay Bhatia

Vijay Bhatia
Partner

Membership No: 201862

Bangalore
May 29, 2014

S. JANARDHAN & ASSOCIATES
CHARTERED ACCOUNTANTS

VIJAY BHATIA, B.com., F.C.A.,
BALAKRISHNA S.BHAT, B.com., F.C.A.,
B. ANAND, B.Sc., F.C.A.,



Apt. No.103 & 106
Embassy Centre
No.11, Crescent Road
Bangalore - 560 001

Phone :22265438, 22260055
22202709 Fax: 22265572
E-mail : ca.sjassociates@gmail.com

**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 read the Report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of corporate Governance by Cranes Software International Limited for the year ended 31st March 2014, as stipulated in clause 49 of the Listing agreement of the said company with the Stock Exchanges.

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

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

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.0053105



Vijay Bhatia

Vijay Bhatia
Partner

Membership No.201862

Bangalore
29th May, 2014

S. JANARDHAN & ASSOCIATES

CHARTERED ACCOUNTANTS

VIJAY BHATIA, B.com., F.C.A.,
BALAKRISHNA S.BHAT, B.com., F.C.A.,
B. ANAND, B.Sc.,F.C.A.,



Apt. No.103 & 106
Embassy Centre
No.11, Crescent Road
Bangalore - 560 001

Phone :22265438, 22260055
22202709 Fax: 22265572
E-mail : ca.sjassociates@gmail.com

INDEPENDENT AUDITOR'S REPORT

To

The Members of Cranes Software International Limited,

1. We have audited the accompanying financial statements of Cranes Software International Limited, which comprise the Balance Sheet as at March 31st, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. Management is responsible for the preparation 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



6. The attached Balance Sheet as at 31st March, 2014 is drawn on the basis of the Principle of 'Going Concern'. We opine as follows in this connection :

6.1 Redemption of Foreign currency convertible bond amounting to Rs. 34,682.13 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.

6.2 Legal proceedings u/s.138 of the Negotiable Instruments Act have been initiated by various Banks against the company. These Banks have applied to 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.

6.3 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.

6.4 An advance of Rs. 23,950.68 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.

6.5 Attention of the members is invited to note 3.11 of the Notes regarding recognition of deferred tax credit on account of unabsorbed losses and allowances aggregating to Rs. 22,559.89 lakhs (year ended March 31, 2013 Rs. 13,249.77lakhs). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Accounting Standard 22.

6.6 The subsidiary company M/s. Systat Software Inc has out of amounts due to the company, written back a sum of 2.6 Million USD equivalent to Rs. 1562.60 Lakhs during the year under reference. The company has created a provision in the Statement of Profit and Loss for a similar amount in the books of the company. The company is yet to apply to the Reserve Bank of India seeking its approval for write off of this amount in accordance with the provisions of the Foreign Exchange Management Act, 1999.



6.7 Reference is drawn to note no. 3.34 of the notes regarding the amounts classified under "Fixed Assets" including "Intangible Assets Under Development" amounting to Rs. 35,469.53 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.

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.

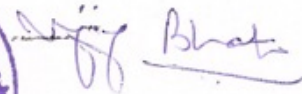
7. Further to the above, we would like to draw the attention of the members to note no. 3.28 regarding default of payments to various statutory authorities;
8. We further report that, except for the effect, if any, of the matters stated in paragraphs 6.7 above, whose effect are not ascertainable, had the observations made in paragraphs 6.4 and 6.5 above been considered, the loss after tax for the year ended March 31, 2014 would have been higher by Rs. 46,510.57lakhs.
9. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and subject to our observations as stated in para 6 and para 8 as above give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
10. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
11. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 **subject to Para no. (6.5) as stated above regarding recognition of Deferred Tax Asset on account of Carried forward losses and Para no. (6.7) as stated above regarding impairment test of Fixed Assets both tangible and intangible along with Intangible Assets under Development.**
- e) On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2014, from being re-appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

For **S Janardhan and Associates**
Chartered Accountants
Registration No.005310S





Vijay Bhatia
Partner

Membership No.201862

Bangalore
29th May, 2014