

ANNUAL REPORT

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Cranes Software International Limited

Enterprise Analytics and Engineering Simulation Software & Solutions





Board of Directors	Mr. Asif Khader Mr. Mukkaram Jan Mr. Mueed Khader Mr. Richard Gall Dr. Peter Ryser	- Co-founder & Managing Director - Co-founder & Director - Director - Director - Director
Company Secretary	P. Phaneendra	
Bankers	Bank of India The Jammu & Kashmir Bank Ltd. State Bank of Travancore IDBI Bank Ltd. State Bank of India Canara Bank Allahabad 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	



CRANES SOFTWARE INTERNATIONAL LIMITED

FINANCIAL STATEMENTS 2011 - 2012



REPORT OF THE BOARD OF DIRECTORS

To,
The Members of
Cranes Software International Limited,

Your Directors have pleasure in presenting to you the Twenty-Seventh Annual Report together with the audited accounts on the business and operations of the Company for the year ended March 31, 2012 by itself and its subsidiaries, viz.

1. Systat Software Inc., USA
2. Cranes Software Inc., USA.
3. Engineering Technology Associates Inc., USA (WOS of Cranes Software Inc., USA) Engineering Technology Associates (Shanghai) Inc.,
4. Dunn Solutions Group Inc., USA (WOS of Cranes Software Inc., USA)
5. Systat Software GmbH, Germany
6. Cubeware GmbH (WOS of Systat Software GmbH), including its WOS in Austria and Switzerland
7. Cranes Software International Pte. Ltd., Singapore
8. Tilak Autotech Pvt. Ltd., India
9. Proland Software Pvt. Ltd., India
10. Caravel Info Systems Pvt. Ltd., India
11. Esqube Communication Solutions Pvt. Ltd., India
12. Systat Software Asia Pacific Ltd., India
13. Analytix Systems Pvt. Ltd., India
14. DSG Pvt Ltd, India (Subsidiary of Dunn Solution Group Inc, USA)

The Audited Accounts for the same period, of the above Subsidiary Companies have also been incorporated as per relevant regulations in the Consolidated Financial Statements, also being presented.

Financial Performance

(Rs. in Million)

Particulars	2011-12	2010-11	2011-12	2010-11
			Consolidated	
Sales and Operating Revenues	343.24	280.10	2800.91	2432.95
Profit / (Loss) before tax	(874.31)	(1312.73)	(1249.28)	(1427.40)
Taxes	(610.93)	(59.00)	647.99	(88.44)
Profit / (Loss) after tax	(263.38)	(1253.73)	(601.28)	(1338.96)

Business

During the year, your Company, on a standalone basis, achieved a Sales and Operating Revenue of Rs.343.24 million, down from Rs.280.10 million. The after tax position was a loss of Rs.263.38 million, on Standalone basis.

On a consolidated basis, during the year, your Company together with its above named subsidiaries, achieved a Sales and Operating Revenue of Rs.2800.91 million, again up from Rs. 2432.95 million of the previous year.

Operations

The last fiscal year has been, perhaps, the most challenging from an operations and business perspective. Given that this Company had been fairly effected by the historic global economic unrest While the management anticipated most operational challenges and clearly outlined initiatives to negotiate the same. In the past year, our endeavor has also been to improve operating efficiencies, cost control management and continue to optimize head count. This apart the Company has also focused on launching new product solutions and better its existing product range by releasing new version upgrades. This has helped strengthen our position in the high growth avenues of engineering simulation and scientific analytics.



In the year gone by, the Company has increased its focus on business consolidation improving market impact through our overseas subsidiaries. This initiative has helped us find new grounds in the US markets in the BI segment where the Company has recently opened direct offices of Cubeware. Cranes' ETA, engineering solutions subsidiary has expanded its base in China and helped increase the revenue from this region.

In the effort to improve our balance sheet position and bring the our debts to controllable levels the Company is currently working on restructuring its debts and other liabilities apart from finding ways to bring improve business opportunities and expand service offerings. This has been detailed out in the annexed management, discussion and analysis section of this report.

Appropriation

In the absence of distributable profits in the year, the Directors have not recommended dividend for the year 2011-12, in order to conserve cash.

Subsidiary Companies / Joint Ventures

In terms of Sec 212(1) of the Companies Act, 1956, the Directors' Reports, Profit and Loss Accounts and Balance Sheets of each of the Subsidiary Companies referred to above, are incorporated as per relevant regulations in the Consolidated Financial Statements, also being presented .

In accordance with the Accounting Standard AS-21 on consolidated financial statements, your Directors have pleasure in attaching the Consolidated Financial Statements which form a part of the Annual Report and Accounts.

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

Remarks of Auditors

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

Auditors Opinion	Management Response
<p>1. A winding up petition has been filed by the Trustees of Foreign Currency Convertible Bond holders against the company u/s 434 of the Companies Act,1956 before the Hon'ble High Court of Karnataka for non-payment of principal (due for redemption in March 2011) and the accrued interest thereon.</p>	<p>The Company is in active discussion with the set of bondholder who have filed a petition u/s 434 for winding up of the company. The Company hopes to arrive at an amicable settlement during this current year. Apart from this the Company has also arrived at settlement with a number of bondholders individually who do not form a part of the set that had filed a petition for the winding up of the Company</p>
<p>2. Cases are filed u/s.138 of the Negotiable Instruments Act by various Banks against the company. These Banks have applied to the Debt Recovery Tribunal / Hon'ble Courts, etc for recovery of dues and provisions of SARFAESI have also been invoked against the company. These cases are in various stages of disposal before the respective Hon'ble Courts.</p>	<p>The Company has arrived at settlements with most of the lenders and is in negotiation with other banks for arriving at a settlement.</p>
<p>3. Several Creditors and ex-employees have initiated legal action against the company for recovery of dues to them. These cases are in various stages of disposal before the respective Hon'ble Courts.</p>	<p>The Company has settled substantial number of cases. As for the remaining the Company is under active discussion with each such entity /ex - employee and in most cases a settlement structure is in advanced stage of negotiations.</p>

<p>4. In our opinion the securities provided to Banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet.</p>	<p>The Company is under active discussion with all secured and unsecured lenders for the purposes of restructuring/ closure of debts. During the year under review the Company closed its liabilities with three such banks / lenders and has finalized debt closure agreements with an additional two nationalized banks. Hence the Tangible security and the assets are considered adequate to cover the settled outstanding amounts</p>
<p>5. There are several overdue Trade Receivables and Advances recoverable from parties for an inordinate period and however, the company has classified 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. In this connection, a sum of Rs. 6,500 lakhs has been provided in the books of account as provision for bad and doubtful debts against Trade Receivable, which in our opinion is inadequate and further provision to the extent of Rs. 25,774.50 lakhs on account of Trade Receivables and a sum of Rs. 23,843.37 lakhs on account of advances have not been made in the accounts.</p>	<p>This book debt has been accumulated on account of global turmoil during the period under recession. The Company has during the course of the financial year made provision for a portion of debts and is awaiting approvals from various government agencies for closure. Additionally, steps to recover the remaining dues continue to be under progress and it is believed will yield results in due course.</p>
<p>6. 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. 11,953.94 lakhs (year ended March 31, 2011 Rs. 5437.60 lakhs) (Total amount recognized for the year ended March 31, 2012 amounts to Rs. 6516.34 lakhs). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Accounting Standard 22</p>	<p>With the Company progressing in its businesses and its ability for sustenance it leaves no doubt that the Company will have future taxable income to take advantage of the deferred tax asset. Hence this is recognized.</p>
<p>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. 41,147.71 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>In the light of the above, the appropriateness of the 'Going Concern' concept based on</p>	<p>It is believed that there is no impairment in value and the realizable value is at least equal to the carrying value; any diminution on account of the global economic conditions are not of permanent nature.No further monies are invested for intangible assets under development as the company is undergoing a severe liquidity crunch. Management is confident of completing the development of these products once the financial position improves and is confident that these products after development will substantially contribute to its revenues</p> <p>The Company, has institutionalized several measures to secure and improve its business potential as may</p>



<p>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>be seen from the Management Discussion and Analysis annexed to this report. Hence, it is believed that the concept of 'Going Concern' continues to prevail.</p>
<p>8. Further to the above, we would like to draw the attention of the members to the following</p> <p>i) Note no. 3.27 regarding default of payments to various statutory authorities;</p> <p>ii) Note no. 3.45 regarding default in payment of dividend</p>	<p>i) The Company is in the process of discharging these liabilities and is hopeful of clearing the entire dues by the current year end.</p> <p>ii) This was carried forward as a matter of good order when some of the lenders who had initiated legal action included this in their petition. Now with this lenders getting settled / restructured the Company is confident that the dividend would be paid out.</p>
<p>9. On the basis of written representations, as on 31st March 2012 and taken on record by the Board of Directors, we report that all of the Directors have been disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956</p>	<p>The proviso of clause (g) of sub - section (1) of Section 274 is stated to be attracted only in the context of Note no 3.45 regarding default in payment of dividend, already dealt with in our response vide para 8 (ii) above.</p>

Deposits

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

Directorate

"The Managing Director Mr. Asif Khader seeks re-appointment for a further term of three years. This will be subject to the approval of Central Government. Two whole-time directors are not seeking renewal of their contracts. However, they will continue to remain in the Board. Your board is aware of unpaid dividend declared, for fiscal year ended March, 2009, because of acute financial difficulties and because of certain restrictive covenants, imposed by lending banks and financial institutions and the consequent dis-qualification of directors. The Board is confident of clearing the outstanding dividend, as early as possible and once has dividend has been paid, the default would cease and the Company will file an application with the Central Government, requesting for removal of disqualification, under the provisions of section 271(1)(g), of the Companies Act, 1956."

Conservation of Energy

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

Research & Development Activities

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

Foreign Exchange Earnings and Outgo

Foreign exchange earned (FOB) during 2011-12 is Rs. 98.40 million and foreign exchange outgo is Rs. 172.99 million during the year.

**Employees**

Information as per Sec217(2a) of the Companies Act, 1956 read with the Companies (Particulars of employee) Rules, 1975 and forming part of the Directors Report for the year ended March 31, 2012 is not applicable due to the fact that non of the present employees are getting salary above 5 lakhs.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act 1956, the Directors hereby confirm that they have:

- i. Followed the applicable accounting standards in the preparation of the annual accounts;
- ii. Selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for the year under review;
- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company and detecting fraud and other irregularities;
- iv. Prepared the accounts for the financial year on a 'going concern' basis.

Corporate Governance

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

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

Auditors

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

Acknowledgement

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

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

for and on behalf of the Board

Bengaluru
August 31, 2012

Asif Khader
Managing Director

Mueed Khader
Director

**Form - B.**

Information as per section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2012.

Research & Development Activities and Technology Absorption:

During the year under review, your Company has been through a challenging phase when it comes to the research and development. In the technology space, every global meltdown since world war II has, if anything, only increased the demands on innovation and technical solutions. The current financial crisis is no exception. There is increased demand on analytical tools all over the world, in almost every sphere of human activity, for better assessment of risks, early detection of signatures of impending disasters, pattern recognition, scenario planning and incredible amounts of simulations. With three broad divisions of Cranes - Analytics, Engineering, and Technology - your Company has positioned itself really well to meet the increased demands from society in these difficult times and, in this process, deliver value for your investments as well.

You are aware that your Company has grown through a series of acquisitions. All our acquisitions have been, of course, in the chosen areas of our core business. These acquisitions have thus resulted in accumulation of quite a few technologies. Our fervent desire is to integrate these technologies and leverage cross fertilization. In the software technology space, this is typically a non trivial task as the basic architectures are many times incompatible. Bringing them on common architectural platforms requires quite a bit of R & D.

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

Latest developments are towards providing support for National Programme on Micro and Smart Systems (NPMASS), the Computational Nanoengineering (CoNe) group at the Indian Institute of Science, currently developing a Microsystems module that is integrated with NISA, a commercial finite element analysis software. NISA is owned and managed by Cranes Software International Limited (CSIL), . The first version of NISA-Microsystems is now available for testing by selected government and academic organizations. The premise for developing the Microsystems module is the concept of hybrid finite elements in which both displacements and stresses are interpolated in the analysis of elastically deforming bodies.. The CoNe group has also developed coupled simulations (thermoelastic, electrostatic/elastostatic/ dynamic, modal analysis, piezoresistive). The integration of these into NISA is currently in progress.

for and on behalf of the Board

Bengaluru
August 31, 2012

Asif Khader
Managing Director

Mueed Khader
Director



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

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

I confirm that the Company has in respect of the financial year ended March 31, 2012, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Personnel means the employees in Executive Vice President Cadre as on March 31, 2012.

For Cranes Software International Ltd.,

Bengaluru
August 31, 2012

Asif Khader
Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS

Annexure to Directors' Report

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

Overview

Cranes Software International Limited (NSE: CRANESSOFT; BSE 512093), develops and globally markets engineering simulation and enterprise data analytics software and services. The Company has successfully accumulated a portfolio of proprietary products with deep domain knowledge in the areas of engineering simulation and statistical analytics. The proprietary products portfolio includes - SYSTAT, SigmaPlot, SigmaStat, SigmaScan, TableCurve 2D, TableCurve 3D, PeakFit, NISA, eta/VPG, eta/DYNAFORM, XID, XIP, Survey ASYST, iCap Reporter, iCap Webmaster, iCap Dashboarder, iCap Data Primer, InventX, Cubeware Cockpit, Cubeware Team Server, Cubeware Importer. In doing so, Cranes has effectively established itself as a global IP driven products and solutions provider.

Global Business Environment

NASSCOM states that despite 2011 ending in a difficult economic environment, some geographic regions and services are expected to circumvent the situation in 2012. Global GDP, after growing by 2.7 per cent in 2011, is expected to grow 2.5 per cent in 2012, with developing economies growing thrice as fast as the developed economies. Better economic conditions in the second half of the year signifying return of consumer confidence and renewal of business growth, is expected to drive IT spending going forward.

According to NASSCOM's software products market report, the past few years have witnessed a noticeable shift in the Indian software product business ecosystem which has helped create an enabling environment for the growth of Indian software products. These include acceleration in software product business activity in India, improvements in the talent and support ecosystem, innovations in software product technology, delivery/business models, and changes in the Indian economy that are helping catalyze the development of the domestic market for software products. Having said this, the key highlights would be that the Software product exports would reach USD 1.5 billion, y-o-y growth of 13 per cent, driven by mobility and cloud applications, SMBs. Domestic software products segment is set to grow to Rs. 180 billion in FY2012, a growth of ~13 per cent over FY2011 driven by the need to replace legacy systems, technology advancements around cloud, mobility, etc.

Going by this trend, Cranes Software has in the past one year witness growth in areas such as Business Intelligence and Automobile Engineering Services. Though Cranes Software witnessed a loss in its businesses, the Company has, in the past one year, remained operationally near breakeven. The Company now plans to capitalize on this growing business demand and emerge as a leading global software product and solutions Company in the lucrative space of engineering simulation and enterprise data analytics.

The Year Under Review

In the year under review the Company has maximized its strengths in the areas of Business Intelligence and Engineering services. It has (re-)established its business operation in China, United States and India. To improve operation effectiveness, optimize costs and increase market reach, the Company, through its subsidiaries, has started to establish back-end, software development and sale operations in India and China for the above mentioned business areas. These initiatives have turned out to be a very lucrative and have already impacted the current year revenues.

In the past year, our endeavor has also been to improve customer bandwidth and increase product and service offerings. This includes product upgrades, new product launches, foray into new practice areas such as mobile applications, Business Intelligence applications for iPhone and iPad (this has been captured in the report on our subsidiaries below). The Company is actively working on an integrated platform for engineering services. This will help the company to become a one stop shop for pre-production analysis for clients in the automobile and transportation sector. On a standalone basis, the Company has refocused and realigned its India centric operation to that of training and education. This part of the business has been the major revenue earner for the stand-alone business over the past couple of years. The businesses includes training, third party alliances, own product sales and corporate training. This has helped gain substantial ground in the services and training businesses. As for the third party business and other related businesses the Company has maintain relationships



with leading Companies like National Instruments, IBM, ARM and Texas Instruments which has helped maintain revenues through third party business at Rs. 82.6 million. In addition to this, extraordinary items such as, write back of provisions and other liabilities no longer relevant, served to increase the total revenue to Rs 343 million from Rs. 280 million accounts to a growth of 22.5%.

Standalone operations, however, considerably improved for the year under review. The Company put in place effective measures to control the cost of goods, optimization of manpower and other overheads. Extraordinary items in expenditure include provision towards bad debts (Rs 650 million), impact of foreign exchange (Rs. 486 million) and other minor variations, which contributed adversely to increase total expenditure from Rs. 1,589 million to Rs 2,656 million. On the Revenue side, Extraordinary items included Write back of Liabilities to creditors and to Banks, no longer required, pursuant to one time settlements arrived at, totaling about Rs 1,439 million.

If the above mentioned extraordinary items of both revenue and expenditure are excluded the operations yielded a marginal loss of Rs 30mn at EBIDTa level.

The Company, in the mean while, is also constantly working on improving its balance sheet position. The Company is under active discussion with the all secured and unsecured lenders for the purposes of restructuring/closure of debts. During the year under review the Company closed its liabilities with three such banks and has finalized debt closure agreements with an additional two nationalized banks. The Company will continue to pursue various means through which it can sustain operational profitability and reduce debt exposure through external funds infusion.

International Subsidiary Performances

ETA:

Engineering Technology Associates, provides computer aided engineering services and develops computer-engineering software. Under this Cranes expertise lies in three fields: safety, durability analysis (structural design), and NVH (noise, vibrations, and harshness).

Product Launches

PreSys R3 Service Pack

ETA announced the availability of the R3 service pack update of its finite element modeling software, PreSys. This update delivers two new features exporting LS-DYNA models which include constrained joints and Area Meshing tools in the Mesher Menu . A core solution for finite element analysis engineers, PreSys is an efficient, cost-effective software tool, which interfaces with popular CAD software products such as CATIA, Unigraphics, ProEngineer, Solidworks and AutoCAD. It allows product development engineers and simulation specialists to access design data and quickly create simulation models.

Inventium 2012 Products

Inventium™ 2012 was released, with a host of improvements in the finite element (FE) modeling tool PreSys™, as well as in its add-on applications for Fluid-Structure Interaction (FSI), Drop Testing and Safety Analysis. New features reduce the amount of time required to build models, and users' can analyze them using third-party MCAE solvers such as LS-DYNA®, MSC NASTRAN®, NEI NASTRAN®, NX NASTRAN®, Moldex3D®, and NISA®. This comprehensive update has improved the CAD interfaces, automeshing tools, data management and geometry handling components to for greater efficiency and improved productivity in the CAE environment. Engineers developing vehicle safety simulations will greatly benefit from the new features found in the Safety plugin. Data management has also improved, allowing the user to create multiple impact cases and selectively update cases as needed.

Going forward...

The Company has expanded its foot print in China and plans to expand ETA business in Germany and Japan to market the services and software in Europe and Asia Pac markets. The Company plans to hire experts in CFD to get market share in this fast growth engineering business. The Company also plans to release a whole new product which will help integrate its product offerings and expand into larger markets this year.



Dunn Solutions Group (DSG):

Dunn Solutions Group is an information technology consulting firm with exceptional strategic experience, design skills and technologic expertise. Focused on the business intelligence, application development and web/portal spaces, the Company delivers services through offices in Chicago, Minneapolis, Raleigh, Fort Lauderdale, and Bangalore, India.

New Initiatives and Launches

Dunn Solutions Group extended its practice to include mobile application development

Dunn Solutions Group now has a team dedicated to mobile application development. These custom solutions transform the online experience into a mobile one and generate increased efficiencies, higher customer satisfaction and greater revenues. Dunn is committed to developing quality mobile business applications for business intelligence and transactional purposes, supported across multiple platforms including iPad, iPhone and Android.

Dunn Solutions Group launched BO navigator reporting application for SAP BusinessObjects

BO Navigator is a Dunn Solutions Group product that delivers SAP BusinessObjects web intelligence (webi) reports to your Android device.

BO Navigator Reporting App for SAP BusinessObjects allows you to :

- ◆ Browse reports in your BusinessObjects folders
- ◆ Select your preferred reporting format (PDF, Webi, Excel)
- ◆ Report immediately delivered to your preferred email

Going Forward...

Looking ahead the Company plans to obtain and integrate other geographically desirable IT consultancies in the areas of Business Intelligence, Data Mining / Predictive Analytics in marketing and BPM and Portal technology. The Company will also look to procure vertically oriented consultancies like Healthcare and Education. The Company plans to help introduce Cubeware operations in the US and leverage its professional services in the above said areas.

CubeWare:

Cubeware provides the best technology and services for building Business Intelligence and performance management solutions that bring analysis, planning, reporting and dashboarding to business professionals.

New Initiatives

Cubeware's new Management Board

The year began with Cranes taking over the management of the Organisation. The existing team was replaced with a young and vibrant team with representation from the corporate office of Cranes. Monika Düsterhöft, Ingo Diekmann and Markus Sümmchen form the company's new management board together with Suresh Saligram. The competences are distributed as follows: Monika Düsterhöft, with Cubeware since 2005, will lead Marketing and Organization. Ingo Diekmann who started working at Cubeware as Director Channel in 2009 will be responsible for Sales and Business Development. Markus Sümmchen, with Cubeware since 1999, will be in charge for Development and Technology. Suresh Saligram will be responsible for Finances and Controlling.

Cubeware launches Business Intelligence application for iPhone, iPad

During the year under review, Cubeware launched its new Business Intelligence mobile application. With this, its customers can have mobile access to BI analyses and reports directly from iPhone or iPad. The new BI app, users can immediately access and use all Cubeware Cockpit V6pro reports and dashboards from their mobile devices. Users can download this BI app at no charge from the Apple App Store. Users can now automatically access and work with all Cubeware Cockpit V6pro reports and dashboards one to one on their Apple devices.



Awards and recognition

Cubeware receives #1 ranking for goal achievement in BI projects among Analysis Products

This year, Cubeware products have again received top rankings in the BI Survey 10, an independent study conducted by the BARC Institute. The Company received top scores in the "Goal Achievement" sub-categories as well as various top-five placements for "Business Benefits". In the "Business Achievement Index", which combines the overall scores in both categories, Cubeware ranked in the top 3 of the 26 leading global products. The Company also received #1 placements in various support categories.

#1 rankings for Cubeware include

- ◆ Best goal achievement among Analysis Products
- ◆ Best suitability (i.e. for project implementations)
- ◆ Best implementer support
- ◆ Best product ranking in the category "Deployment"

Going forward...

The Company plans to build up the international sales structure focusing on India/ Asia and Middle-east markets by focusing on partner business, growing the existing sales structure, establishing remote consulting centers and product translations. The Company plans to leverage on the India advantage and building up additional resources in India focusing on support and other dedicated development tasks.

Systat Software Inc. (SSI)

Headquartered in San Jose, California, USA, Systat Software Inc. (SSI) provides specialized scientific software products and services for the environment sciences, life sciences, behavioral sciences, medical research and engineering. SSI is dedicated to providing effective solutions to the scientific and engineering community to compress the time intensive process of data analysis and presentation, thus enhancing productivity.

Product launches

Systat Software Inc Released SigmaPlot 12.3

During the year under review the Company released SigmaPlot 12.3, the latest version of their most advanced scientific data analysis and graphing software package. SigmaPlot 12.3 provides researchers with a new modern user interface, increased ease of use and new features to quickly analyze data and create exact, publication-quality graphs that best present research results for presentation, publication or the web. Unlike spreadsheets, business graphing and other data analysis software packages, SigmaPlot 12.3 is specifically designed to meet the needs of professional researchers. The new SigmaPlot 12.3 offers over 110 new features, bug fixes and enhanced stability.

Going Forward...

The Company plans to apply Systat's technical, marketing and infrastructural strengths to jointly develop solutions with partners and go to market. Using world class SOA platform, the Company plans to provide end-to-end solutions with focus on Data Analysis, Visualization & Reporting, Lab-informatics, Chem.-Informatics and Bio-Informatics. During the upcoming year the Company plans to leverage its IPs to push OEM models across the scientific industry thus capturing larger market share.

SWOT Analysis Overview

Strengths

Although the organization underwent financial and business uncertainty and down sides, it has managed to hold fort and attain organization sustainability and operational efficiencies. The Company today continues to leverage on its expertise, experience and domain knowledge in the field of engineering services and business analytics to grow forward and achieve new grounds. By anticipating and addressing the needs of scientists and engineers, the Company has built a dominant position in sectors of automotive, life sciences, pharma, telecom, and consumer research.



Threats

The Company's balance sheet has been strongly leveraged through secured and unsecured debts. The Company has been in discussion with both secured and unsecured lenders for the purposes of restructuring of debt. This in some case has been fruitful as the Company settled debts with certain secured lenders, in the year under review. The Company is also in advance stages of negotiations with other secured and unsecured lenders (including FCCB bondholders). The Company is confident that part of these loans would be settled/ restructured by the end of the current financial year.

Opportunities

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 has identified and is working on higher-end easy to operate but yet powerful and flexible business applications for the BI environment. During the year under review the Company has launch its powerful BI application for iPads and iPhones.

In the India centric prospective, the Company sees a large opportunity in the educational market. Over the last few years India Inc. has seen dramatic change in this sector especially in the vocational and K12 market. The Company plans to leverage on its experience and expertise of over fourteen years to gain larger ground.

Having said that, the Company will continue to engage with leading technology players across the globe and will leverage its recognized brand value and extensive sales network to form strategic alliances in niche areas of engineering simulation and scientific analytics.

The Road Ahead

Going forward the Company plans to establish itself in the educational sector. To achieve this, the Company has made substantial changes to its India centric operation by means of upgrading it facility, improving faculty exposure, incorporating specialized training programs to address the dynamics need of the software sector. To take this one step further the Company plans to venture into online education which would include online training, university programs, sale of proprietary product for the educational market and corporate training.

The Company, in the mean while, will continue taking necessary steps to improve the operational efficiencies and effectiveness of the organization and to grow the business across the world. This would include expanding its foot print in China, Germany and Japan for the Engineering Services business and growing existing sales structure in DACH (Germany, Austria & Switzerland) and UK for the Business Intelligence Businesses. Having said that, the Company will continue to take necessary steps to leverage the "India Inc. advantage" by establishing offices of its international subsidiaries here.

Technologically, the Company plans to continuously upgrade its capabilities which means actively including new developments such as Mobile, Social-BI, Collaboration, SaaS, Cloud, Analytical Databases, Column based- and In-Memory technology into the product strategy at the right times. This will be apart from continuously upgrading and updating its existing scientific, engineering and business intelligence products to serve existing customers and establishing new markets.

Financial Perspective

Analysis of movements in significant heads are given below :

EQUITY AND LIABILITIES

Source of Funds:

Share Capital

The Company's authorized share capital is Rs. 330 million constituting of 165 million equity shares of Rs. 2/- each and 200,000 preference shares of Rs. 100/- each. There were no capital structure changes during the period under review.

**Reserves and Surplus**

The Company's total reserves and surplus for fiscal 2011-12 stood at Rs. 3,231 million, increasing by Rs. 101 million from Rs. 3,130 million in the previous fiscal year. The net increase is mainly attributable to the Foreign Currency Translation Reserve (Rs 365mn as compared to Rs 212mn) adjusted to the losses reported in the year (Rs 601mn). The Company cannot Transfer anything to reserves, in the absence of profits.

Non Current Liabilities:**Long Term Borrowings**

In view of there being considerable developments in the year in regard to discussions and settlement of dues to lenders, there has been a great deal of reclassification of such dues. In terms of disclosure requirements, dues to lenders of less than one year and on call have been regarded as Short Term Borrowings and current maturities of Long Term Loans have been included in 'Other Current Liabilities'. Previous year's figures have also been reclassified accordingly.

The net total borrowing position (Long Term + Short Term + Current Maturities of Borrowings) reduced from Rs. 9,341mn to Rs. 8,420mn, consequent upon settlements reached and payouts made to three banks and lender, adjusted to the extent of interest, etc accrued and provided for but not settled to other lenders.

This settlement was largely facilitated by Advances received from a prospective Strategic Investor, Mr. Ziaullah Sheriff and his affiliated companies. The amounts received from the investor has been regarded under "Other Advances" under the head 'Other Current Liabilities'.

Long Term Provisions

Provisions made for Gratuity and Leave Encashment during the year served to enhance the provision.

Current Liabilities :**Short Term Borrowings**

Already commented on along with Long Term Borrowings

Trade Payables

Reduced to Rs 667mn from Rs. 1,039 million at close of the previous year.

Other Current Liabilities

Largely and significantly commented upon under the head 'Long Term Borrowings' since the matter is interlinked

Short Term Provisions

The write back of this unwanted provision has been dealt with in the Directors' Report

Application of Funds:**ASSETS****Non-current assets:****Fixed Assets**

There was only marginal movement in Fixed Assets, there being not too much of product launches, etc, in the context of the business condition. Significant part of the change is only on account of depreciation charged on the higher asset base. (FY'12 Rs. 857 to FY'11 614)

Other Non Current Investments

The Company's investments remained static at Rs 1.7million

Current assets:**Inventories**

The Company's inventory position representing stock of goods traded by the Company went up from Rs 26mn to Rs 48mn, reflective of the improved prospects of sale in the forthcoming fiscal year. With economic prospects



improving globally, conscious effort was made to build stocks so that the environment could be taken advantage of immediately, despite the heavy liquidity crunch.

Trade Receivables

After providing for Rs 650mn of potential Doubtful Debts, Sundry debtors at the close of FY 2012 were at Rs. 2,918 million compared to Rs. 3,691 million a year ago.

Cash and Bank Balances

Cash and Bank balances were at Rs. 167 million compared to Rs. 119 million last year. The increase was largely on account of the increase in Margin Moneys, of varying maturities, held by banks and balances held in Current Accounts for normal operations in view of irregularities in other accounts, as already commented upon in the Directors' Report

Short Term Loans and Advances

Increased marginally from Rs 257mn to Rs 314mn.

Operating Results

Revenue

The Company on a consolidated basis, reported a total revenue of Rs.2,699 million. Sale of Hardware Products and Software Product Licences constituted the bulk of this; Services revenue being only Rs 47mn

In addition, Other Income of Rs 101mn, which includes Liabilities no longer required writtenback (Rs 82mn) served to depict a Total Income of Rs 2,800mn.

Expenditure:

Cost of Goods

Cost of goods stood at Rs 1,144 million largely represents the cost of shrink-wrapped software products sold in India for third parties through the Company's multiple distribution alliances together with direct costs involved in the manufacture and logistics of distribution of proprietary products.

Personnel Costs

Personnel costs increased marginally at Rs. 920 million and represented 22% of total revenues.

Other Expenses

Other expenses increased substantially to Rs 1,754mn from Rs 602mn, including on account of extraordinary and one time effect of Bad Debts Provisions (Rs 650 mn) and Forex Fluctuation (Rs 489mn).

Depreciation

Depreciation charged during FY2012 amounted to Rs. 857.7 million, an increase of almost 40%. This mainly on account of writing down of goodwill arising from the acquisition of Cubeware GmbH. as per as prescribed by Commercial Code in Germany.

Financing Costs

Financing cost are at high levels and continues to be of concern to the management; however, with the process of restructuring borrowings and one-time settlements having commenced, this matter will get under control in future.

Extra Ordinary Items

Write back of Liabilities arising out of settlements with lending institutions and a critical vendor, with whom business has been terminated, constituted Rs 1,387mn

Profit Analysis

The total loss for the year under review stood at Rs 601 million compared to Rs 1338.9 million the previous year.



On a consolidated basis, if the extraordinary and one time effect on Revenue and Expenses are isolated, however, the following picture will emerge:

(Rs. in Million)

Particulars	As Reported	Extraordinary Item to be isolated	Balance
Revenue	2,801	83	2,718
Cost of Goods Sold	1,144	-	1,144
Employee Benefit Expenses	921	-	921
Other Expenses	1,755	1,139	616
EBIDTa	(1,019)	1,222	37
Depreciation	858	-	858
Finance Costs	760	-	760
PBT before Extraordinary Items	(2,637)	-	(1,581)
Extraordinary Items (Liability Settlements) Written Back	1,387	-	1,387
Profit / (Loss) before Tax	(1,250)	-	(194)
Tax (Credit)	649	-	649
Profit / (Loss) for the Period	(601)	-	455

It may be seen that at the EBIDTa level, if extraordinary items of Revenue (write back of unwanted provision) and Expenses (Bad Debts and Forex Fluctuation) are excluded, the picture is a profit of Rs 37mn.

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 clients; dependence on availability of technical consultants and other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. The Company undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



CORPORATE GOVERNANCE REPORT 2011-12

Annexure to Directors' Report

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

Board of Directors:

The composition of the Board is as follows:

Promoter Group :	Non- Executive Directors :
Asif Khader	Dr. Rudra Pratap ¹
Mukkaram Jan	Richard Gall
Mueed Khader	Dr. Peter Ryser

Details of Board Meetings held during the year:

The Board met 6 times during the year, as follows :

During the quarter ended June 30, 2011	14th May, 2011
During the quarter ended September 30, 2011	12th August, 2011 7th September, 2011
During the quarter ended December 31, 2011	17th October, 2011 14th November, 2011
During the quarter ended March 31, 2012	14th February, 2012

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 vide conference calls.

Name of the Director	Date of Appointment	No. of Board Meetings attended ²	Whether attended last AGM	Membership in other Board ³	Committees ⁴	
					Membership	Chairmanship
Dr. Rudra Pratap	21st June, 2002	-	N	-	-	-
Asif Khader	30th April, 2002	6	Y	6	3	2
Mukkaram Jan	30th April, 2002	2	N	7	1	-
Mueed Khader	30th April, 2002	6	Y	6	1	-
Richard Gall	16th May, 2002	6	Y	-	2	1
Dr. Peter Ryser	29th March, 2005	5	N	-	1	-

Audit Committee :

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

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

¹Retired by rotation; did not offer himself for re-appointment at the AGM 2011.

²Attendance via web presentation and Telephone call has been considered as having attended the Board Meeting.

³Excludes companies exempted under Sec 278 of the Companies Act, 1956 and Foreign Companies.

⁴Membership in Audit Committee, Remuneration Committee and Investor Grievance Committee only considered.

The Committee consists of the following Directors :

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

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

Name of the Director	14-05-2011	12-08-2011	07-09-2011	14-11-2011	14-02-2012
Richard Gall	Yes	Yes	Yes	Yes	Yes
Asif Khader	Yes	Yes	Yes	Yes	Yes
Dr. Peter Ryser	Yes	Yes	Yes	No	Yes

The Statutory Auditors attended all the meetings.

Share Holder Grievance Committee:

The Company has a Shareholder Grievance Committee consisting of Mukkaram Jan and Asif Khader to look into the grievances of investors. There were no unresolved grievances from the investors / shareholders as on March 31, 2012.

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.

Remuneration Committee:

The Board has constituted a 'Remuneration Committee' under the provisions of Schedule XIII of the Companies Act, 1956 to finalize and propose the remuneration for Whole time Directors and Managing Director. The committee consists of Mr. Asif Khader, Mr. Richard Gall and Mr. Mueed Khader. The committee met on 14th November, 2011 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. The Managing Director and the Whole-time Directors were re-appointed on revised terms for a period of five years at the 22nd Annual General Meeting of the Company held on September 13, 2007.

For Non-Executive Directors:

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

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
29th September, 2009	3.00 p.m.	Hotel Capitol, Raj Bhavan Road, Bangalore - 560 001	NIL
30th December, 2010	9.30 a.m.	Dr. B.R. Ambedkar Bhavana, Millers Road, Vasanthanagar, Bangalore - 560 052	Raising of additional long-term funds through further issuance of securities in the Company.
14th November, 2011	10.00 a.m.	Shri Devaraj Urs Bhavan, No. 16-D, Millers Tank Bund Area, Vasanthanagar, Bangalore - 560 052	Raising of additional long-term funds through further issuance of securities in the Company.

For AGM 2012, 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.

Means of Communication:

The quarterly results are published generally in "The Hindu - Business Line" & "Sanjevani" (Kannada). The results are also updated on the corporate website (www.cranessoftware.com). The quarterly results and the shareholding pattern are uploaded in the website of the Stock Exchanges.

GENERAL SHAREHOLDER INFORMATION

A	27th Annual General Meeting	
	Date and Time	28th September, 2012 at 10-00 am
	Venue	Devaraj Urs Bhavan, No. 16-D, Miller Tank Bund Area, Vasanthnagar, Bangalore - 560 052
B	Financial Calendar	
	Audited Annual Results - 2011-12	31st August, 2012
	Unaudited results for the quarter ending June 30, 2012	14th August, 2012
	Unaudited results for the quarter ending September 30, 2012	Second week of November, 2012
	Unaudited results for the quarter ending December 31, 2012	Second week of February, 2013
	Audited Annual Results - 2012-13	Last week of May, 2013
C	Book closure date	23rd September 2012 to 28th September 2012
D	Dividend payment date	No Dividend declared
E	Listing of Equity shares	
	Name and Address of Stock Exchange	Stock Code
	Bombay Stock Exchange Ltd. (BSE)	512093
	P J Towers, Dalal Street, Mumbai - 400001	
	National Stock Exchange Ltd. (NSE)	CRANESSOFT - EQ
	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400051	Trading of shares currently suspended
	The Listing Fee has been paid to all the Stock Exchanges	
F	Website of the Company	www.cranessoftware.com
G	Registrar and Transfer Agents	M/s Integrated Enterprises (India) Ltd (formerly known as Alpha Systems Pvt Ltd - since merged), No.30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003
H	Demat ISIN Number allotted to the Company	INE234B01023

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

Share Price Data:

The Share price data on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) during the year 2011-12 is given below :

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-11	7.52	4.91		
May-11	4.91	3.97		
Jun-11	3.98	3.44		
Jul-11	4.91	3.81		
Aug-11	3.85	2.76		
Sep-11	4.45	3.09		
Oct-11	3.45	3.22		
Nov-11	3.39	2.73		
Dec-11	3.76	2.02		
Jan-12	3.37	1.66		
Feb-12	3.02	2.62		
Mar-12	3.12	2.75		

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 dematerialized shares held with the depositories were in agreement with the total issued / paid-up capital.

Compliance with Corporate Governance Norms :

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

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

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


Distribution of Shareholdings as on March 31, 2012:

No. of Shares Held	Share Holders		Shares	
	Number	% to Total	Number	% to Total
(1)	(2)	(3)	(4)	(5)
up to 500	28,998	62.07	64,19,942	5.45
501 to 1,000	7,522	16.10	64,82,409	5.50
1,001 to 2,000	4,614	9.88	74,12,548	6.29
2,001 to 3,000	1,825	3.91	48,11,677	4.09
3,001 to 4,000	860	1.84	31,49,420	2.67
4,001 to 5,000	797	1.71	38,29,457	3.25
5,001 to 10,000	1,162	2.49	87,45,752	7.43
10,001 & above	943	2.02	7,69,15,645	65.31
	46,721	100.00	11,77,66,850	100.00

Pattern of Share Holding as on March 31, 2012

Holders	% of Holding
Promoters	6.38%
FII's	0.22%
Financial Institutions / Banks	15.73%
Insurance	0.77%
Bodies Corporate	19.88%
Individual / Others	57.02%

Dematerialisation of Shares :

The Company has entered into necessary agreements with NSDL & CDSL for dematerialization of shares held by investors. As of March 31, 2011 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, Tavarekere, 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.



AUDITOR'S CERTIFICATE

(Under Clause 49 of the Listing Agreement)

To the Members of Cranes Software International Limited, Bangalore.

We have examined the compliance of conditions of Corporate Governance by **Cranes Software International Limited**, for the year ended 31.3.2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us:

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

for S.JANARDHAN & ASSOCIATES

Chartered Accountants
Firm Registration No. 005310S

Vijay Bhatia
Partner

Membership No.201862

Bengaluru
August 31, 2012



AUDITORS' REPORT

To
The members of
Cranes Software International Limited

1. We have audited the attached Balance Sheet of **CRANES SOFTWARE INTERNATIONAL LIMITED** as at 31st March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. **The attached Balance Sheet as at 31st March, 2012 is drawn on the basis of the Principle of 'Going Concern'. We opine as follows in this connection:**
 - 3.1 **A winding up petition has been filed by the Trustees of Foreign Currency Convertible Bond holders against the company u/s 434 of the Companies Act, 1956 before the Hon'ble High Court of Karnataka for non-payment of principal (due for redemption in March 2011) and the accrued interest thereon.**
 - 3.2 **Cases are filed u/s.138 of the Negotiable Instruments Act by various Banks against the company. These Banks have applied to the Debt Recovery Tribunal / Hon'ble Courts, etc for recovery of dues and provisions of SARFAESI have also been invoked against the company. These cases are in various stages of disposal before the respective Hon'ble Courts.**
 - 3.3 **Several Creditors and ex-employees have initiated legal action against the company for recovery of dues to them. These cases are in various stages of disposal before the respective Hon'ble Courts.**
 - 3.4 **In our opinion the securities provided to Banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet.**
 - 3.5 **There are several overdue Trade Receivables and Advances recoverable from parties for an inordinate period and however, the company has classified 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. In this connection, a sum of Rs. 6,500 lakhs has been provided in the books of account as provision for bad and doubtful debts against Trade Receivable, which in our opinion is inadequate and further provision to the extent of Rs. 25,774.50 lakhs on account of Trade Receivables and a sum of Rs. 23,843.37 lakhs on account of advances have not been made in the accounts.**
 - 3.6 **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. 11,953.94 lakhs (year ended March 31, 2011 Rs. 5,437.60 lakhs) (Total amount recognized for the year ended March 31, 2012 amounts to Rs. 6,516.34 lakhs). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Accounting Standard 22.**
 - 3.7 **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. 41,147.71 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.

4. Further to the above, we would like to draw the attention of the members to the following
 - i) Note no. 3.27 regarding default of payments to various statutory authorities;
 - ii) Note no. 3.45 regarding default in payment of dividend
5. We further report that, except for the effect, if any, of the matters stated in paragraphs 3.7 above, whose effect are not ascertainable, had the observations made in paragraphs 3.5 and 3.6 above been considered, the loss after tax for the year ended March 31, 2012 would have been higher by Rs. 61,571.82 lakhs.
6. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) order, 2004 issued by Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
7. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) 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 subject to Para no. (3.6) as stated above regarding recognition of Deferred Tax Asset on account of Carried forward losses and Para no. (3.7) as stated above regarding impairment test of Fixed Assets both tangible and intangible along with Intangible Assets under Development.
 - v) on the basis of written representations, as on 31st March 2012 and taken on record by the Board of Directors, we report that all of the Directors have been disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) in our opinion and to the best of our information and according to the explanations given to us, subject to Para no.s (3) and (5) above the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

for S.JANARDHAN & ASSOCIATES

Chartered Accountants

Firm Registration No. 005310S

Vijay Bhatia

Partner

Membership No.201862

Bengaluru
August 31, 2012



ANNEXURE

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

- (i) (a) The Company has generally maintained records showing particulars including quantitative details and situation of fixed assets.
 - (b) Not all the Fixed Assets have been physically verified by the management during the year.
 - (c) The Company has not disposed off any fixed assets during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. In view of the above, clause 4 (iii) (b), (c), (d), (f) and (g) of the said order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts and arrangements referred to in section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 lakhs in respect of any party during the year, have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposit from the public and as such the provisions of clause 4(vi) of the said Order are not applicable.
- (vii) In our opinion, the company's in house internal audit system needs to be further strengthened to render it commensurate with the size and nature of its business.**
- (viii) The Central Government has not prescribed the maintenance of cost records as required under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us, there have been delays and defaults in depositing of undisputed statutory dues including, Provident Fund, Employees' state Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Customs duty, and Cess with the appropriate authorities. As of 31st March, 2012, the following amounts are still to be deposited on account of statutory liabilities:**

(Rs. in Lakhs)

Name of the Statute	Nature of dues	Amount to be Deposited
Employee's Provident Fund & Miscellaneous Provisions Act	Provident Fund	72.70
Commercial Taxes Act	Professional Tax	22.85
Employee State Insurance Act	ESI	0.36
Income Tax Act	TDS	675.86
Sales Tax / Value Added Tax	Value Added Tax	46.20
Income Tax Act	Self Assessment Tax	607.94
Wealth Tax Act	Wealth Tax	0.80
Income Tax Act	Corporate Dividend Tax	273.88
Investor Education Protection Fund	Unclaimed Dividend	0.60

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Sales Tax and Cess were in arrears as at 31st March 2012 for a period of more than six months from the date they became payable except in the below case which is still due for payment:

(Rs. in Lakhs)

Name of the Statute	Nature of dues	Amount Due
Employee's Provident Fund & Miscellaneous Provision Act	Provident Fund	63.61
Commercial Taxes Act	Professional Tax	21.36
Income Tax Act	Withholding Taxes	616.13
Sales Tax / Value Added Tax	Value Added Tax	35.62
Income Tax Act	Self Assessment Tax	607.90
Wealth Tax Act	Wealth Tax	0.80
Income Tax Act	Corporate Dividend tax	273.88
Investor Education Protection Fund	Unclaimed Dividend	0.19

- (c) According to the information and explanations given to us, there are no dues of Sales tax, Service tax, Income tax, Customs duty, Wealth Tax, and Cess, which have not been deposited on account of any dispute except in respect of the following:

(Rs. in Lakhs)

Name of the Statute	Nature of dues	Disputed Amount	Assessment Year	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1235.79	2003-2004 to 2007-08	Commissioner of Income Tax, Appeals
Service Tax Act, 1994	Service Tax	757.98	2004-05 to 2007-08	Customs, Excise and Service Tax Appellate Tribunal

- (x) The Company has accumulated losses, as at March 31, 2012. The Company has also incurred cash losses of Rs. 3,920.17 lakhs in the financial year ended on that date and Rs. 7,637.00 lakhs cash losses in the immediate preceding financial year.

- (xi) There are defaults in repayment of dues to some financial institution 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 / delay
Bank of India	22,280.03	From 2009 till date
State Bank of Travancore	3,775.14	From 2009 till date
Allahabad Bank	2,859.03	From 2009 till date
Canara Bank	4,107.45	From 2009 till date
Industrial Development Bank of India	3,026.48	From 2009 till date
State Bank of Mysore	2,789.76	From 2009 till date
State Bank of India	9,205.76	From 2009 till date

The company has not issued any Debentures during the year

- (xii) *According to information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.*
- (xiii) *In our opinion and according to the information and explanation given to us, the Company is not a chit fund or a Nidhi /mutual benefit fund/ society.*
- (xiv) *In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.*
- (xv) *In our opinion and according to information and explanations given to us, and as per our examination of relevant records, there are no guarantees outstanding as at 31st March, 2012.*
- (xvi) *Based on information and explanations given to us by the management, term loans availed were applied for the purpose for which the loans were obtained.*
- (xvii) *According to the information and explanations given to us during this audit, in our opinion, the company has not used funds, raised on short-term basis for long-term purposes.*
- (xviii) *During the year the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.*
- (xix) *During the period, the Company has not raised any funds by issue of debentures.*
- (xx) *During the year under review the Company has not raised any money through public issue and hence the provision of this para is not applicable.*
- (xxi) *During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the course of our audit.*

for S.JANARDHAN & ASSOCIATES

Chartered Accountants

Firm Registration No. 005310S

Vijay Bhatia

Partner

Membership No.201862

Bengaluru
August 31, 2012



BALANCE SHEET

AS AT MARCH 31, 2012

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2012	March 31, 2011
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3.01	235,533,700	235,533,700
(b) Reserves and Surplus	3.02	2,630,746,354	2,894,125,827
(2) Non-Current Liabilities			
(a) Long-term borrowings	3.03	397,504,207	530,405,817
(d) Long-term provisions	3.04	2,626,967	12,159,690
(3) Current Liabilities			
(a) Short-term borrowings	3.05	7,674,644,480	6,558,312,460
(b) Trade Payables	3.06	555,176,852	537,195,916
(c) Other current liabilities	3.07	2,170,788,069	3,120,322,082
(d) Short-term provisions	3.08	-	70,000,000
TOTAL		13,667,020,629	13,958,055,492
II. ASSETS			
(1) Non-Current assets			
(a) Fixed assets			
(i) Tangible assets	3.09	202,788,927	219,435,440
(ii) Intangible assets		1,162,050,101	1,617,879,319
(iii) Intangible assets under development		2,749,931,956	2,753,366,066
(b) Non-current investments	3.10	800,917,790	800,917,790
(c) Deferred tax assets (net)	3.11	1,180,418,000	569,486,843
(d) Long term loans and advances	3.12	4,198,759,402	3,994,707,989
(2) Current assets			
(a) Inventories	3.13	12,600,161	9,390,666
(b) Trade receivables	3.14	3,147,343,324	3,755,126,778
(c) Cash and Bank Balances	3.15	20,102,200	10,929,625
(d) Short-term loans and advances	3.16	192,108,768	226,814,976
TOTAL		13,667,020,629	13,958,055,492
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

Bengaluru
 August 31, 2012

Vijay Bhatia
 Partner
 Membership No. 201862

Asif Khader
 Managing Director

Mueed Khader
 Director

P. Phaneendra
 Company Secretary



STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2012

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2012	March 31, 2011
Revenue from operations	3.17	260,358,071	279,067,845
Other Income	3.18	82,879,364	1,034,884
Total Revenue		343,237,435	280,102,729
Expenses:			
Cost of Materials consumed		-	-
Purchases of stock in Trade		55,959,623	62,665,852
Changes in inventories of Stock-in-Trade	3.19	(2,813,005)	(6,826,826)
Employee Benefit Expenses	3.20	104,676,704	118,389,612
Finance costs	3.21	747,227,701	762,260,472
Depreciation and amortization expenses	3.22	482,293,717	490,047,520
Other expenses	3.23	1,269,343,250	162,859,605
Total Expenses		2,656,687,990	1,589,396,235
Loss before exceptional and extraordinary items and tax		(2,313,450,555)	(1,309,293,506)
Exceptional Items		-	3,431,927
Loss before extraordinary items and tax		(2,313,450,555)	(1,312,725,433)
Extraordinary Items (Net of taxes)	3.24	1,439,139,925	-
Loss before tax		(874,310,630)	(1,312,725,433)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		(610,931,157)	(59,000,000)
Loss for the period		(263,379,473)	(1,253,725,433)
Earning per equity share:			
(Nominal Value per Share Rs. 2)			
(1) Basic / Diluted (excluding Extra Ordinary Items, net of tax expenses)		(14.46)	(10.65)
(2) Basic / Diluted (including Extra Ordinary Items)		(2.24)	(10.65)
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

Bengaluru
August 31, 2012

Vijay Bhatia
Partner
Membership No. 201862

Asif Khader
Managing Director

Mueed Khader
Director

P. Phaneendra
Company Secretary



STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2012

(Amount in Rupees)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Cash flows from Operating Activities		
Net profit before taxation & Extraordinary Items	(2,313,450,555)	(1,309,293,506)
Adjustments for:		
Foreign Exchange Loss (Net)	486,241,814	31,534,529
Depreciation and amortization	482,293,717	490,047,520
Dividend / interest income (Net)	(195,544)	(285,714)
Interest expense on borrowings	747,227,701	761,511,302
Operating profit before working capital changes	(597,882,867)	(26,485,869)
Adjustments for working capital		
Inventories	(2,813,005)	(6,826,826)
Trade Receivables	617,632,093	(24,729,276)
Short term loans and advances	34,706,208	(316,193,799)
Current liabilities	(1,001,553,078)	669,990,375
Cash generated from operations	(949,910,649)	295,754,605
Adjustments for		
Direct Taxes paid	4,013,822	-
Net cash from Operations before extraordinary items	(945,896,827)	295,754,605
Extraordinary / Exceptional items	1,439,139,925	3,431,927
Net cash generated from Operating Activities	493,243,098	292,322,678
Cash flows from Investing Activities		
Purchase of Fixed Assets / Increase in Work In Progress	(6,383,875)	(10,158,104)
Dividend / Interest received	195,544	285,714
Proceeds from sale of Fixed assets	-	25,065,162
Net cash from Investing Activities	(6,188,331)	15,192,772
Cash flows from Financing Activities		
Dividend and Dividend Tax	-	-
Interest on borrowed funds	(747,227,701)	(761,511,302)
Borrowings	377,030,180	448,158,749
Long term loans and advances	(98,151,948)	-
Long term Provisions	(9,532,723)	-
Unsecured Loans	-	-
Net cash from Financing Activities	(477,882,192)	(313,352,553)
Net increase/(decrease) in Cash and Cash Equivalents	9,172,575	(5,837,103)
Opening cash and cash equivalents	10,929,625	16,766,728
Less: Exchange fluctuation	-	-
Closing cash and cash equivalents	20,102,200	10,929,625

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

For and on behalf of the Board

Bengaluru
August 31, 2012

Vijay Bhatia
Partner
Membership No. 201862

Asif Khader
Managing Director

Mueed Khader
Director

P. Phaneendra
Company Secretary



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, UAE 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, 2012 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 has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.
- (ii) The Management estimates the useful life of Customized software/commercial rights procured for specific application as 3 years and accordingly amortizes over their estimated useful life on a straight line basis.



- (iii) Depreciation on individual low cost assets (costing less than Rs.5,000) is provided for in full in the year of purchase irrespective of date of installation.
- (iv) Other Intangible assets are amortized over their respective individual estimated useful life on a straight-line basis, commencing from the date the asset is available to the Company for its use.
- (v) After recognition of impairment loss, the depreciation charge for the asset is on the revalued amount prospectively over the remaining useful life of the asset.

2.9 Impairment of Assets

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

2.10 Inventories

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

2.11 Investments

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

2.12 Effect of Exchange Fluctuation on foreign currency transactions

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

2.13 Employees' Retirement Benefits

(i) Post-employment benefit plans

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

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

(ii) Short-term employee benefits

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

(iii) Long-term employee benefits

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

2.14 Income Tax/ Deferred Tax

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

2.15 Provisions and Contingent Liabilities

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



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

2.16 Earnings per Share

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

2.17 Leases

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

2.18 Derivative Instruments and Hedge Accounting

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

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

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

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

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

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

3. NOTES ON ACCOUNTS

FOR THE YEAR ENDED MARCH 31, 2012

3.01 SHARE CAPITAL

a) Break-up of shares

(Amount in Rupees)

PARTICULARS	As at 31.03.2012	As at 31.03.2011
AUTHORISED		
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
ISSUED AND SUBSCRIBED AND FULLY PAID-UP		
117,766,850 (Previous year 117,766,850) Equity shares of Rs.2/- each fully paid up	235,533,700	235,533,700
TOTAL	235,533,700	235,533,700

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

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

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

The Company has not declared dividend during the year.

b) Reconciliation of number of shares

(Amount in Rupees)

Equity Shares	As at 31.03.2012		As at 31.03.2011	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	117,766,850	235,533,700	117,766,850	235,533,700
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	117,766,850	235,533,700	117,766,850	235,533,700

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

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

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

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

Name of the Shareholder	As at 31-03-2012		As at 31-03-2011	
	Number of shares	% of shareholding	Number of shares	% of shareholding
IBC Knowledge Park Private Limited	12,632,506	10.73%	5,854,160	4.97%
Bank of India	11,291,723	9.59%	11,291,723	9.59%



3.02 RESERVES AND SURPLUS

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
(a) Securities Premium Account		
Opening Balance	1,789,826,374	1,789,826,374
Add: Receipts during the year	-	-
Closing Balance	A 1,789,826,374	1,789,826,374
(b) FCCB Premium Redemption Reserve		
Opening Balance	240,000,000	240,000,000
Add: Transfer during the year	-	-
Closing Balance	B 240,000,000	240,000,000
(c) General Reserve		
Opening Balance	1,843,000,000	1,843,000,000
Add: Transfer during the year	-	-
Closing Balance	C 1,843,000,000	1,843,000,000
(d) Balance in profit and loss account		
Opening balance	(978,700,547)	275,024,886
Add/Less: Current year Loss	(263,379,473)	(1,253,725,433)
Closing Balance	D (1,242,080,020)	(978,700,547)
TOTAL	2,630,746,354	2,894,125,827

3.03 LONG TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Secured Loan		
Term Loans from Jammu and Kashmir Bank Limited	349,975,066	487,575,066
Unsecured Loan		
Foreign Currency Term Loan from UPS Capital	47,529,141	42,830,751
TOTAL	397,504,207	530,405,817

Term Loans from Jammu and Kashmir Bank Limited is secured by Hypothecation of Current and Fixed Assets of the Company; Pledge of Shares of Wholly Owned Subsidiary Systat Software Inc; Pari passu charge on Property at Bannerghatta Road; Assignment of Intellectual Property Rights of Sigma Plot Product line and Systat; Personal Guarantee of Whole Time Directors.

Rate of Interest is Base rate + 2.25%, which varies between 10.50% to 10.75% during the year. The Loan was restructured during the month of October 2010 with repayment schedule of 16 equal quarterly installments starting from October 2011.

3.04 LONG TERM PROVISIONS

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Leave encashment	2,626,967	12,159,690
TOTAL	2,626,967	12,159,690

3.05 SHORT TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Loans repayable on demand		
Unsecured		
- Term Loans from Banks		
Bank of India	1,805,422,902	1,578,652,967
Allahabad Bank	285,903,308	285,903,308
Jammu and Kashmir Bank Limited	-	12,295,865
Canara Bank	410,744,588	345,171,275
Industrial Development Bank of India	302,648,107	255,351,149
State Bank of India	920,575,519	820,914,448
State Bank of Mysore	278,976,048	278,976,048
- Cash Credit facilities from Banks		
Bank of India	422,580,362	376,093,058
State Bank of Travancore	377,513,646	334,854,342
- from Other parties		
Bondholders of FCCB (42,000 units of 1,000/- Euros each fully paid up) (Refer Note No. 3.37)	2,870,280,000	2,270,100,000
TOTAL	7,674,644,480	6,558,312,460

Defaults in repayment of Loans as at 31st March, 2012

(Amount in Rupees)

Particulars	Period of Default	Amount of Default	
		Principal	Interest
Term Loans from Banks			
Bank of India	From 2009 to Till Date	1,400,000,000	405,422,902
Allahabad Bank	From 2009 to Till Date	250,000,000	35,903,308
Canara Bank	From 2009 to Till Date	250,000,000	160,744,588
Industrial Development Bank of India	From 2009 to Till Date	220,000,000	82,648,107
State Bank of India	From 2009 to Till Date	700,000,000	220,575,519
State Bank of Mysore	From 2009 to Till Date	250,000,000	28,976,048
Cash Credit facilities from Banks			
Bank of India	From 2009 to Till Date	300,000,000	122,580,362
State Bank of Travancore	From 2009 to Till Date	300,000,000	77,513,646

3.06 TRADE PAYABLES

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Trade payables (Refer Note No. 3.32 regarding disclosure as required under the provisions of MSMED Act)	555,176,852	537,195,916
TOTAL	555,176,852	537,195,916

**3.07 OTHER CURRENT LIABILITIES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Current Maturities of Long-term debt	137,600,000	2,193,358,059
Unpaid dividend	962,143	1,022,469
Amounts due and payable to Investor Education and Protection Fund	60,326	-
Statutory dues (Including Provident Fund, Withholding and other taxes) (Refer Note No. 3.27)	82,129,434	83,864,823
Director's Current Account	375,893,962	374,873,526
Dues to related Parties	30,571,940	37,624,180
Advance received from Customers	16,278,156	26,800,322
Outstanding Expenses	11,198,764	2,445,952
Unpaid dividend on Equity Shares	23,553,370	23,553,370
Unpaid Dividend Distribution Tax	27,388,281	27,388,281
Other Advances	1,461,834,645	349,391,100
Book Overdraft	3,317,047	-
TOTAL	2,170,788,069	3,120,322,082

3.08 SHORT TERM PROVISION

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Provision for Warranty		
Opening Balance	70,000,000	70,000,000
Less: Reversal during the year	70,000,000	-
TOTAL	-	70,000,000

The management has ascertained the Warranty liability that will accrue in the future periods as on 31st March 2012 to be Nil and has reversed the excess liability to the Statement of Profit and Loss as at the year end. the auditors have relied on the certificate of the management in this regard.

3.09 FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block				Depreciation			Net Block		
	Cost as on April 1, 2011	Additions	Deletions	Total as on March 31, 2012	Upto April 1, 2011	For the year	Withdrawn	Total Upto March 31, 2012	As on March 31, 2012	As on March 31, 2011
Tangible Assets										
Land & Building	94,712,158	-	-	94,712,158	2,404,749	80,396	-	2,485,145	92,227,013	92,307,409
Furniture & Fixtures	66,823,858	-	-	66,823,858	25,808,379	4,142,722	-	29,951,101	36,872,757	41,015,479
Computers	123,374,587	119,143	-	123,493,730	96,418,042	8,081,859	-	104,499,901	18,993,829	26,956,545
Plant & Machinery	64,017,352	280,909	-	64,298,261	14,328,343	3,045,974	-	17,374,317	46,923,944	49,689,009
Vehicle	19,148,149	-	-	19,148,149	9,747,619	1,690,813	-	11,438,432	7,709,717	9,400,530
Technical Books	101,079	-	-	101,079	34,611	4,801	-	39,412	61,667	66,468
Total A	368,177,183	400,052	-	368,577,235	148,741,743	17,046,565	-	165,788,308	202,788,927	219,435,440
Intangible Assets										
Goodwill	387,360,000	-	-	387,360,000	-	-	-	-	387,360,000	387,360,000
Computer Software	4,537,030,068	9,417,933	-	4,546,448,001	3,306,510,748	465,247,152	-	3,771,757,900	774,690,101	1,230,519,320
Total B	4,924,390,068	9,417,933	-	4,933,808,001	3,306,510,748	465,247,152	-	3,771,757,900	1,162,050,101	1,617,879,320
Total (A + B)	5,292,567,251	9,817,985	-	5,302,385,236	3,455,252,491	482,293,717	-	3,937,546,208	1,364,839,028	1,837,314,760
Previous Year	5,317,632,413	2,801,678	27,866,840	5,292,567,251	297,563,075	490,047,520	10,158,104	3,455,252,491	1,837,314,760	2,342,269,338



3.10 INVESTMENT

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Long-Term - Investment (Unquoted - at cost)		
Subsidiaries :		
Systat Software Inc. USA 974,166 Equity shares of face value USD 1/- each fully paid up (Previous year 974,166 Equity shares of face value USD 1/- each fully paid up)	185,117,768	185,117,768
Systat Software Asia Pacific Limited 380,000 Equity Shares of Rs.10/- each fully paidup (Previous year 380,000 Equity shares of Rs.10/- each fully paidup)	3,800,000	3,800,000
Systat Software GmbH-Germany 1 Equity Share of 25,000 Euros fully paidup (Previous year 1 Equity share of 25,000 Euros fully paidup)	1,447,500	1,447,500
Cranes Software International Pte Limited - Singapore 165,692 Equity shares of Singapore Dollars 1/- each fully paidup. (Previous year 165,692 Equity shares of Singapore Dollars 1/- each fully paid up)	4,430,582	4,430,582
Cranes Software Inc (erstwhile NISA Software Inc) 26,91,855 Equity shares of USD 1 each fully paid up (Previous year 26,91,885 Equity shares of USD 1 each fully paid up)	450,072,825	450,072,825
Tilak Auto Tech Private Limited 1,000 Equity Shares of Rs. 100/- each fully paid up (Previous Year - 1,00,000 Equity shares of Rs.10/- each fully paid up)	5,162,487	5,162,487
Analytix Systems Private Limited 20,000 Equity Shares of Rs. 10/- each fully paid up (Previous Year - 20,000 Equity shares of Rs.10/- each fully paid up)	63,000,000	63,000,000
Caravel Info Systems Pvt Ltd 1,20,000 Equity Shares of Rs. 10/- each fully paid up (Previous Year - 1,20,000 Equity shares of Rs.10/- each fully paid up)	36,233,187	36,233,187
Proland Software Pvt Ltd 4,840 Equity Shares of Rs. 100/- each fully paid up (Previous Year - 4,840 Equity shares of Rs.100/- each fully paid up)	31,889,280	31,889,280
Esqube Communication Solutions Private Limited 8,942 Equity shares of Rs.10/- each fully paid up (Previous Year - 8,942 Equity shares of Rs.10/- each fully paid up)	17,977,989	17,977,989
OTHERS		
Cranes Software Middle East LLC - UAE 147 Equity shares of UAE Dirham 1,000/- each fully paid up (Previous Year 147 Equity shares of UAE Dirham 1,000/- each fully paid up)	1,786,172	1,786,172
TOTAL	800,917,790	800,917,790

3.11 DEFERRED TAX ASSETS (NET)

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Deferred Tax Asset Attributable to :		
Brought forward losses	1,195,394,000	543,760,000
Provision for Retirement Benefits	812,000	-
Expenses allowable on payment	224,861,000	414,146,843
Less:		
Deferred Tax Liability Attributable to :		
Difference between Book and Tax Depreciation	(240,649,000)	(388,420,000)
TOTAL	1,180,418,000	569,486,843

3.12 LONG TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Unsecured, considered Good		
Earnest Money Deposits	4,804,292	4,648,723
Other Deposits	2,107,002	2,107,002
Rent Deposits	10,098,000	10,098,000
Security Deposits	497,574	509,699
Disputed Tax Payments	14,492,086	11,089,552
Loans & Advances:		
- Related Parties (Subsidiaries)	1,782,422,828	1,596,778,464
- Others	2,384,337,620	2,369,476,549
TOTAL	4,198,759,402	3,994,707,989

3.13 INVENTORY

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Stock in Trade	12,203,671	9,390,666
Goods in transit	396,490	-
TOTAL	12,600,161	9,390,666

3.14 TRADE RECEIVABLES

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Debts overdue for a period exceeding six months		
Unsecured, considered good		
From Subsidiaries	457,614,756	455,044,557
From Others	3,227,450,353	3,231,747,839
Less: Provision for doubtful debts	(650,000,000)	-
A	3,035,065,109	3,686,792,396
Other Debts		
Unsecured, Considered good		
From Subsidiaries	53,869,101	11,667,529
From Others	58,409,114	56,666,853
B	112,278,215	68,334,382
TOTAL (A + B)	3,147,343,324	3,755,126,778

**3.15 CASH AND BANK BALANCES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Cash and Cash Equivalents:		
Cash on hand	1,999	13,954
Bank balances:		
In Current Accounts	8,999,344	5,267,732
In Deposit Accounts	-	2,341,118
Other Bank Balances:		
Balances with Bank held as Margin		
Money with maturity of 3 to 12 Months	10,126,529	2,629,457
Unpaid Dividend Account	974,328	677,364
TOTAL	20,102,200	10,929,625

3.16 SHORT TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Prepaid Expenses	302,334	121,622
Advance to Employee & Suppliers	2,318,218	37,709,069
MAT Credit Entitlement	163,500,000	163,500,000
Balances with Revenue Authorities		
- Income Tax (Net of provisions)	7,617,859	3,604,036
- Service Tax	18,370,357	21,880,249
TOTAL	192,108,768	226,814,976

3.17 REVENUE FROM OPERATIONS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
(a) Sale of Products		
- Hardware Products	132,952,496	58,182,917
- Software Licences	93,964,406	139,402,064
(b) Sale of Services	33,441,169	81,482,864
TOTAL	260,358,071	279,067,845

3.18 OTHER INCOME

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
(a) Interest received from Banks	195,544	749,170
(b) Liabilities written back to the extent no longer required	82,636,856	267,537
(d) Other Income	46,964	18,177
TOTAL	82,879,364	1,034,884

3.19 CHANGES IN INVENTORIES OF STOCK IN TRADE

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
Stock at the end of the year	12,203,671	9,390,666
Stock at the beginning of the year	9,390,666	2,563,840
Increase / (Decrease) in stock	(2,813,005)	(6,826,826)

3.20 EMPLOYEE BENEFITS EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
Salaries and Wages	102,488,588	108,970,113
Contribution to provident and other funds	1,472,435	845,445
Staff Welfare Expenses	715,681	1,374,054
Directors' Remuneration	-	7,200,000
TOTAL	104,676,704	118,389,612

3.21 FINANCE COSTS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
Interest on long term borrowings	71,252,483	36,075,624
Other borrowing costs	675,975,218	726,184,848
TOTAL	747,227,701	762,260,472

3.22 DEPRECIATION AND AMORTIZATION EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
Depreciation on Tangible Assets	17,046,565	19,030,980
Amortization on Intangible Assets	465,247,152	471,016,540
TOTAL	482,293,717	490,047,520



3.23 OTHER EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
Payment to Auditor		
- As Audit Fee	600,000	520,000
- As Reimbursement of Expenses	22,450	49,502
Power and fuel	4,480,977	4,995,949
Rent	10,242,684	9,315,136
Repairs and Maintenance		
- Buildings	59,419	83,942
- Machinery	266,746	540,959
- Others	2,475,578	188,935
Insurance	565,594	449,307
Rates and Taxes, excluding taxes on income	31,119	238,595
Provision for Bad and Doubtful Debts	650,000,000	-
Marketing Expenses	29,714,552	48,609,639
Bad Debts	4,161,959	131,197
Travelling Expenses	8,293,995	9,812,380
Communication Expenses	2,725,470	1,273,600
Exchange Fluctuations (Net)	486,241,814	31,534,529
Prior period expenses	48,823,670	30,019,807
Legal & Professional Charges	9,671,244	4,700,651
Miscellaneous expenses	10,965,979	20,395,477
TOTAL	1,269,343,250	162,859,605

3.24 EXTRAORDINARY ITEMS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
Amounts written back on one time settlement		
- Trade Payables	73,888,596	-
- Loan amounts from Banks	1,193,996,966	-
- Interest liabilities to Banks	171,254,363	-
TOTAL	1,439,139,925	-

3.25 EARNINGS PER SHARE

Particulars	For the Year March 31, 2012		For the Year March 31, 2011	
	Before Extraordinary Items	After Extraordinary Items	Before Extraordinary Items	After Extraordinary Items
(a) Basic				
Profit after tax (in Rs.)	(1,702,519,398)	(263,379,473)	(1,253,725,433)	(1,253,725,433)
Weighted average number of shares outstanding	117,766,850	117,766,850	117,766,850	117,766,850
Basic EPS	(14.46)	(2.24)	(10.65)	(10.65)
(b) Diluted				
Profit after tax (in Rs.)	(1,702,519,398)	(263,379,473)	(1,253,725,433)	(1,253,725,433)
Adjusted net profit for the year	(1,702,519,398)	(263,379,473)	(1,253,725,433)	(1,253,725,433)
Weighted average number of shares outstanding for diluted EPS	117,766,850	117,766,850	117,766,850	117,766,850
Diluted EPS	(14.46)	(2.24)	(10.65)	(10.65)
Face value per share (in Rs.)	2.00	2.00	2.00	2.00

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

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Claims against the Company not acknowledged as debts		
(a) Income tax matters	123,579,740	440,670,000
(b) Service Tax matters	75,798,122	-
(c) Guarantees and Counter Guarantee	10,126,529	3,377,366
(d) Others	5,515,000	-
TOTAL	215,019,391	444,047,366

3.27 UNDISPUTED STATUTORY DUES REMAINING UNPAID AS AT 31ST MARCH, 2012

(Amount in Rupees)

Name of the Statute	Nature of dues	Total Liability	
		31.03.2012	31.03.2011
Employee's Provident Fund & Miscellaneous Provision Act	Provident Fund	7,270,540	8,027,291
Commercial Taxes Act	Professional Tax	2,285,230	1,980,680
Employees State Insurance Act	ESI	35,793	72,860
Income Tax Act	Withholding Taxes	67,586,065	60,360,216
Service Tax Act	Service Tax	-	32,810,000
Karnataka State Commercial Taxes Act	Sales Tax/Value Added Tax	4,620,257	3,165,245
Income Tax Act	Self Assessment Tax	60,794,420	60,794,420
Wealth Tax Act	Wealth Tax	80,000	80,000
Income Tax Act	Dividend Distribution Tax	27,388,281	27,388,281



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

(Amount in Rupees)

Name of Institution	Amount of Claim	In which Forum
A. Under Section 434 of Companies Act, 1956		
1. Bank of New York (Trustee of Foreign Currency Convertible Bondholders)	3,290,014,039	High Court, Karnataka
B. Under Section 138 of Negotiable Instruments Act, 1881		
1. IDBI Bank	43,200,000	} Metropolitan Court, Bangalore
2. Allahabad Bank	7,000,000	
3. State Bank Mysore	250,000,000	
4. Canara Bank	70,000,000	
5. State Bank of India	60,000,000	
C. Under Debt Recovery Act, 1993		
1. Canara Bank	293,337,614	} Debt Recovery Tribunal
2. Bank of India	968,848,033	
3. State Bank of Mysore	310,797,206	
4. State Bank of Travancore	321,230,671	
5. IDBI Bank	221,143,301	
6. Allahabad Bank	271,700,836	
7. State Bank of India	860,041,527	

3.29 MANAGERIAL REMUNERATION

The Aggregate Managerial remuneration under Section 198 of the Companies Act, 1956 to the Directors' Including Managing Director is :

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Managing Director		
- Basic Salary	-	1,200,000
- House Rent Allowance	-	480,000
- Special Allowance	-	560,000
- Contribution to Provident Fund	-	140,000
Total Remuneration (a)	-	2,380,000
Whole-time Directors		
- Basic Salary	-	2,400,000
- House Rent Allowance	-	960,000
- Special Allowance	-	1,170,000
- Contribution to Provident Fund	-	290,000
Total Remuneration (b)	-	4,820,000
Total Managerial Remuneration (a + b)	-	7,200,000

3.30 ACTIVITIES IN FOREIGN CURRENCY

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Earnings in Foreign Currency – FOB value of exports	98,403,431	117,907,445
Expenditure incurred in Foreign Currency	172,994,690	151,876,409
Trading Goods (valued on CIF basis)	3,294,226	32,764,200
Travelling, Boarding & Lodging Expenses	536,291	-
Marketing Expenses	28,455,272	48,581,854
Interest	140,703,719	70,268,333
Others	5,182	262,022

3.31 TRADE RECEIVABLES INCLUDE, DUES FROM SUBSIDIARY COMPANIES AS UNDER

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Dunn Solutions Group Inc	6,192,048	5,404,123
Systat Software Inc, USA	493,656,879	427,616,793
Systat Software GmbH, Germany	11,634,929	22,023,641
TOTAL	511,483,856	455,044,557

3.32 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.



3.33 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

3.34 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 2012 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.

3.35 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY INSTRUMENTS

Foreign currency exposure that are not hedged by derivative or forward contracts as on 31st March 2012 amounts to Rs.9,11,44,75,587/- (Previous Year : Rs. 8,72,20,44,578/-)

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

(Amount in Rupees)

PARTICULARS	CURRENCY	Current Year	Previous Year
Receivables	US Dollars	96,210,177	101,284,082
	Euro	13,108,020	13,318,264
	Sterling Pound	-	916,990
	Arab Emirates Dhiram	296,835	321,132
	Australian Dollar	124,791	151,843
	Singapore Dollar	1,490,354	14,658
Payables	US Dollars	1,239,123	11,003,493
	Euro	46,105,063	42,025,901
	Sterling Pound	111,735	1,154,303
	Australian Dollar	21,620	22,430
	Singapore Dollar	808	1,305,155
		recognised @ Rs	recognised @ Rs
	US Dollars	51.16	44.65
	Euro	68.34	63.24
	Sterling Pound	81.80	71.93
	AED	15.07	12.33
	AUD	49.44	46.69
	SGD	41.24	35.88

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

3.37 FOREIGN CURRENCY CONVERTIBLE BONDS

The Foreign Currency Convertible Bonds carry coupon rate 2.50%, payable half yearly. In case of default of payment of interest the coupon rate stands increased to 4.50%.

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

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

(Amount in Rupees)

PARTICULARS	Current Year	Maximum Amount outstanding during the year	Previous Year	Maximum Amount outstanding during the previous year
Cranes Software International Pte Ltd-Singapore	59,709,598	82,330,000	18,884,255	18,884,255
Cranes Software Inc	282,980,721	383,120,000	263,228,939	265,768,939
Tilak Auto Tech Pvt. Ltd	20,189,041	20,189,041	19,529,938	19,529,938
Systat Software GmbH	873,551,564	879,810,000	816,133,063	816,133,063
Systat Software Inc USA	458,812,466	627,620,000	379,168,937	379,168,937
Proland Software Pvt Ltd	9,340,787	9,340,787	6,697,166	13,660,000
Esquebe Communication Solutions Pvt. Ltd.	23,750,514	23,750,514	23,867,586	23,897,586
Caravel Info System Pvt Ltd	4,198,637	8,090,000	8,090,481	8,480,481
Systat Software Asia Pacific Limited	2,284,824	23,650,000	16,076,245	27,700,000
Cubeware GmbH	47,604,677	50,500,000	45,101,854	45,101,854
TOTAL	1,782,422,829	2,108,400,342	1,596,778,464	1,618,325,238



3.39 DETAILS OF AUDITORS REMUNERATION

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Statutory Audit	600,000	520,000
Out of Pocket Expenses	22,450	49,502
TOTAL	622,450	569,502

3.40 GRATUITY & LEAVE ENCASHMENT

PARTICULARS	Current Year		Previous Year	
	Gratuity	Compensated absence	Gratuity	Compensated absence
(I) Change in Benefit Obligations:				
Projected Benefit Obligation, beginning of the year (April 1, 2011)	3,030,000	12,159,690	6,940,000	12,159,690
Service Cost	548,125	2,626,967	1,480,000	
Interest Cost	250,160		560,000	
Actuarial (gain) / loss on obligations	3,920,416		(2,290,000)	
Benefits (paid / Reversals)	(2,199,970)	(12,159,690)	(8,700,000)	
Projected Benefit Obligation, at the end of the year	5,548,731	2,626,967	3,030,000	12,159,690
(II) Change in Plan Assets:				
Fair value of Plan Assets, beginning of the year (April 1, 2011)	7,770,000		15,600,000	
Expected return on Plan Assets	641,224		1,250,000	
Employer's contributions				
Benefit paid	(2,199,970)		(8,700,000)	
Actuarial (gain) / loss on Plan Assets	(120,810)		(380,000)	
Fair value of Plan Assets, at the end of the year	6,090,444	-	7,770,000	
Excess of (obligation over plan assets) / plan assets over Obligation	541,713		4,740,000	
(Accrued Liability) / Prepaid Benefit	541,713	(2,626,967)	4,740,000	(12,159,690)
(III) Net cost for the year ended March 31, 2012				
Service Cost	548,125		1,940,000	
Interest on Defined Benefit Obligation	250,160		560,000	
Expected return on Plan Assets	(641,224)		(1,250,000)	
Net Actuarial (gain) / loss recognized in the year	4,041,226		2,670,000	
Net Gratuity and other cost	4,198,287		3,920,000	
Actual Return on Plan Assets	520,414		870,000	
(IV) Category of Assets as at March 31, 2012				
Insurer Managed Funds	6,092,861		7,770,000	
Total	6,092,861		7,770,000	
(v) Assumptions used in accounting for the Gratuity Plan				
Discount Rate	8.50%	8.50%	8.25%	8.50%
Salary escalation rate	4.00%	4.00%	4.00%	4.00%
Expected rate of return on Plan Assets	8.60%	8.50%	8.25%	8.50%

**3.41 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. 1,02,42,684/- for the year ended March 31, 2012. (Previous year Rs. 93,20,000/-)

Lease rentals due for the period not exceeding period of 1 year	Rs. 68,40,548/-
Lease rentals due for the period 1 to 5 years	Nil
Lease rentals due for the period exceeding 5 years	Nil

3.42 RESEARCH & DEVELOPMENT

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



3.43 RELATED PARTY DISCLOSURES AS ASCERTAINED BY THE MANAGEMENT

(Amount in Rupees)				
Description of the nature of transaction	Description of Relationship	Related Party	Year Ended 31st March 2012	Year Ended 31st March 2011
Sale of goods	Direct Subsidiary	Systat Software Inc	53,280,112	52,104,052
	Direct Subsidiary	Systat Software Gmbh	20,056,504	15,722,877
	Direct Subsidiary	Cranes Software International Pte Ltd	95,851	1,235,501
	Indirect Subsidiary	Engineering Technology Associates Inc	-	314,336
			73,432,467	69,376,766
Purchase of goods	Indirect Subsidiary	Engineering Technology Associates Inc	326,802	2,049,698
	Direct Subsidiary	Cranes Software International Pte Ltd	2,376,498	14,786,118
			2,703,300	16,835,816
Rendering of services	Direct Subsidiary	Systat Software Inc	-	25,407,066
				25,407,066
Receiving of services	Direct Subsidiary	Systat Software Inc	28,429,948	51,220,507
			28,429,948	51,220,507
Remuneration paid	Key Managerial Personnel	Asif Khader	-	2,400,000
	Key Managerial Personnel	Mukkaram Jan	-	2,400,000
	Key Managerial Personnel	Mueed Khader	-	2,400,000
			-	7,200,000

(Amount in Rupees)

Description of the nature of transaction	Description of Relationship	Related Party	Year Ended 31st March 2012	Year Ended 31st March 2011	
Loans taken	Key Managerial Personnel	Mr.Asif Khader & Mr.Mukkarlam Jan	1,020,436	27,076,371	
	Direct Subsidiary	Systat Software Inc	80,783,420	59,052,410	
	Direct Subsidiary	Systat Software GmbH	39,493,256		
	Indirect Subsidiary	Cubeware GmbH	2,900,000	44,670,000	
	Direct Subsidiary	Esquebe Communication Solutions Pvt Ltd	756,284	485,868	
	Direct Subsidiary	Caravel Info Systems Pvt Ltd	6,375,058		
	Direct Subsidiary	Analytix Systems Pvt Ltd	79,812,732		
	Direct Subsidiary	Systat Software Asia Pacific Ltd	56,342,206	61,181,047	
	Direct Subsidiary	Proland Software Pvt Ltd		12,755,637	
	Direct Subsidiary	Tilak Autotech Pvt Ltd		2,826,396	
				267,483,392	208,047,729
	Loans given	Direct Subsidiary	Systat Software Inc	80,378,177	
		Direct Subsidiary	Systat Software GmbH	109,154	104,143,350
Direct Subsidiary		Cranes Software Inc	25,192,660	4,547,000	
Direct Subsidiary		Cranes Software International Pte Ltd	18,938,153		
Direct Subsidiary		Proland Software Pvt Ltd	2,331,325	10,174,107	
Direct Subsidiary		Esquebe Communication Solutions Pvt Ltd	613,810	452,597	
Direct Subsidiary		Caravel Info Systems Pvt Ltd	2,483,214		
Direct Subsidiary		Analytix Systems Pvt Ltd	77,169,135		
Direct Subsidiary		Systat Software Asia Pacific Ltd	42,550,785	101,825,552	
Direct Subsidiary		Tilak Autotech Pvt Ltd	659,103	57,950	
				250,425,516	221,200,556
Trade Receivables		Direct Subsidiary	Systat Software Inc	493,656,879	430,840,103
		Direct Subsidiary	Systat Software GmbH	11,634,929	28,089,728
	Indirect Subsidiary	Dunn Solutions Group Inc	6,192,048	5,404,123	
			511,483,856	464,333,954	



(Amount in Rupees)

Description of the nature of transaction	Description of Relationship	Related Party	Year Ended	Year Ended
			31st March 2012	31st March 2011
Payable at the year end	Other related party	K & J Holdings Pvt Ltd	13,236,202	11,000,000
	Direct Subsidiary	Analytix Systems Pvt Ltd	3,881,644	1,238,047
	Indirect Subsidiary	Dunn Solutions Groups Inc	4,092,800	3,572,000
	Indirect Subsidiary	Engineering Technology Associates Inc	753,850	6,018,061
	Direct Subsidiary	Systat Software Inc	8,607,444	15,796,071
	Key Management Personnel		375,893,962	374,873,526
			406,465,902	412,497,705
Receivable at the year end	Direct Subsidiary	Caravel Info System Pvt Ltd	4,198,637	8,090,481
	Direct Subsidiary	Cranes Software Inc	282,980,721	263,228,939
	Direct Subsidiary	Cranes Software International Pte Ltd	59,709,598	18,884,255
	Direct Subsidiary	Esquebe Communication Solutions Pvt. Ltd.	23,750,514	23,867,586
	Direct Subsidiary	Proland Software Pvt Ltd	9,340,787	6,697,166
	Direct Subsidiary	Systat Software Asia Pacific Limited	2,284,824	16,076,245
	Direct Subsidiary	Systat Software GmbH	873,551,564	816,133,063
	Direct Subsidiary	Systat Software Inc	458,812,466	379,168,937
	Direct Subsidiary	Tilak Auto Tech Private Ltd.	20,189,041	19,529,938
	Indirect Subsidiary	Cubeware GmbH	47,604,677	45,101,854
			1,782,422,829	1,596,778,464

List of Related Parties

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

58 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



3.44 SEGMENT REPORTING

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

Primary Segments- a) Exports and
b) Domestic

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

PRIMARY SEGMENT INFORMATION - GEOGRAPHICAL SEGMENT

(Amount in Rupees)

Sl. No.	Particulars	Current Year			Previous Year		
		Export	Domestic	Total	Export	Domestic	Total
1	Segment Revenue	98,403,431	161,954,640	260,358,071	117,907,445	161,160,340	279,067,785
2	Segment Results	(79,785,671)	(130,176,622)	(209,962,293)	(2,330,032)	(549,169,814)	(551,499,846)
	Other Income			82,879,364			1,034,884
	Operating Profit			(127,082,929)			(550,464,962)
	Interest Expenses			747,227,701			762,260,472
	Profit / (Loss) before tax			(874,310,631)			(1,312,725,434)
	Tax Expenses			(610,931,157)			(59,000,000)
	Profit / (Loss) after tax			(263,379,474)			(1,253,725,434)
3	Segments Assets	10,248,193,959	3,416,064,653	13,664,258,613	6,631,750,155	2,210,579,855	8,842,330,010
	Total Assets			13,664,258,613			8,842,330,010
	Segment liabilities	2,961,884,709	987,294,903	3,949,179,613	1,917,700,450	638,000,600	2,555,701,050
	Total Liabilities			3,949,179,613			2,555,701,050
	Segments Capital Employed (Segment Assets-Segment Liabilities)	7,286,309,250	2,428,769,750	9,715,079,000	4,714,049,705	1,572,579,255	6,286,628,960
4	Capital Expenditure	3,891,849	5,926,136	9,817,985	1,110,585	1,691,093	2,801,678
5	Depreciation	226,629,817	255,663,899	482,293,717	230,273,330	259,774,190	490,047,520

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	177,508,525	82,849,546	200,737,257	78,330,588
2	Segment Result	(103,064,256)	(24,018,674)	(422,133,066)	(98,312,090)
3	Segment Assets	12,297,832,752	1,366,425,861	7,958,097,000	884,233,000
4	Capital Expenditure	7,735,590	2,082,395	2,011,325	790,353



3.45 PAYMENT OF DIVIDEND DECLARED IN MEMBERS' MEETING HELD ON 29TH SEPTEMBER, 2009

At the meeting of the Members of the Company held on 29th September, 2009, it was resolved that Dividend on Ordinary Shares at the rate of Rs 0.20 per share will be distributed to Members in the rolls as on the Record Date, 23rd September, 2009. Owing to the liquidity position of the Company, it has not been possible to make this payment. Liability of this amount continues to exist as on 31st March, 2012.

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

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

For and on behalf of the Board

Bengaluru
August 31, 2012

Vijay Bhatia
Partner
Membership No. 201862

Asif Khader **Mueed Khader** **P. Phaneendra**
Managing Director Director Company Secretary



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANYS' INTEREST IN
SUBSIDIARY COMPANIES:**

FOR THE YEAR ENDED MARCH 31, 2012

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.	Esque Communication Solutions Pvt. Ltd.
Reporting Currency	EURO	USD	INR	SGD	INR	USD	INR	INR	INR	INR
Financial period ended	31.3.2012	31.3.2012	31.3.2012	31.3.2012	31.3.2012	31.3.2012	31.3.2012	31.3.2012	31.3.2012	31.3.2012
a) No. of shares held	1	974,166	380,000	165,692	120,000	2,691,855	1,000	20,000	4,840	8,942
b) Face value of per share	25,000	1	10	1	10	1	100	10	100	10
c) Extent of interest as at year end	100%	100%	100%	100%	100%	100%	100%	100%	100%	76%
The Net aggregate amount of Profits / (losses) of the subsidiary for the current period so far as it concerns the members of the holding company	(2,702,470)	(1,390,401)	(91,219)	(833,774)	713,041	(1,211,401)	(803,976)	(96,643)	(2,243,831)	(667,146)
a) dealt with or provided for in the accounts of the holding company	-	-	-	-	-	-	-	-	-	-
b) Not dealt with or provided for in the accounts of the holding company	(2,702,470)	(1,390,401)	(91,219)	(833,774)	713,041	(1,211,401)	(803,976)	(96,643)	(2,243,831)	(667,146)
Net aggregate Profits / (losses) for the previous financial years of the Subsidiary so far as it concerns the members of the holding company	(1,307,728)	(4,846,789)	1,654,229	(1,096,410)	(19,322,495)	(1,324,830)	(17,539,119)	(393,521)	(8,873,446)	(9,364,043)
a) dealt with or provided for in the accounts of the holding company	-	-	-	-	-	-	-	-	-	-
b) Not dealt with or provided for in the accounts of the holding company	(1,307,728)	(4,846,789)	1,654,229	(1,096,410)	(19,322,495)	(1,324,830)	(17,539,119)	(393,521)	(8,873,446)	(9,364,043)

For and on behalf of the Board

Asif Khader
Managing Director

Mueed Khader
Director

Place : Bengaluru
Date : August 31, 2012





CRANES SOFTWARE INTERNATIONAL LIMITED

CONSOLIDATED FINANCIAL STATEMENTS 2011-2012



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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 2012, and Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, prescribed by the Company's (Accounting Standards) Rules 2006 and on the basis of the separate audited financial statements of the Company and its Subsidiary Companies, included in the Consolidated Financial Statements.

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. **a) Consolidated accounts of the Company includes, "Compiled and reviewed" financials of Systat Software GmbH, Germany and not audited financials.**
b) Consolidated accounts of the Company includes, "unaudited financials of Cranes Software International Pte Limited, Singapore and not audited financials.

We did not audit the financial statements of Subsidiary Companies, whose financial statements reflect total assets of Rs.39,664 Lakhs as at March 31, 2012 and total revenues (including other income) of Rs. 25,635 Lakhs for the year then ended and expenditure amounting to Rs.29,014 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) .

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of **M/s Cranes Software International Limited** and its aforesaid Subsidiary Companies, subject to note nos. (1) and (2) above, we are of the opinion that:

The attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- a. In the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2012;
- b. In the case of Consolidated Statement of Profit and Loss, of the consolidated loss of the Company and its subsidiaries for the year ended on that date; and
- c. In the case of Consolidated Cash Flow Statements, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

for S.JANARDHAN & ASSOCIATES

Chartered Accountants
Firm Registration No. 005310S

Vijay Bhatia

Partner

Membership No.201862

Bengaluru
August 31, 2012



CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2012

(Amount in Rupees)

PARTICULARS	Note No.	As at 31-03-2012	As at 31-03-2011
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3.01	235,533,700	235,533,700
(b) Reserves and Surplus	3.02	3,231,035,532	3,130,445,463
(2) Non-Current Liabilities			
(a) Long-term borrowings	3.03	517,056,368	631,467,173
(b) Long-term provisions	3.04	4,398,981	14,224,190
(4) Current Liabilities			
(a) Short-term borrowings	3.05	7,765,076,201	6,517,749,881
(b) Trade Payables	3.06	667,490,546	1,039,496,216
(c) Other current liabilities	3.07	2,485,960,709	3,094,022,902
(d) Short-term provisions	3.08	-	70,000,000
TOTAL		14,906,552,037	14,732,939,525
II. ASSETS			
(1) Non-Current assets			
(a) Fixed assets			
(i) Tangible assets	3.09	223,358,094	239,698,260
(ii) Intangible assets		4,058,716,549	4,160,706,951
(iii) Intangible assets under development		3,219,892,943	3,237,741,841
(b) Non-current investments	3.10	1,786,172	1,786,172
(c) Deferred tax assets (net)	3.11	1,301,867,390	509,055,086
(d) Long term loans and advances	3.12	2,653,346,669	2,489,720,973
(2) Current assets			
(a) Inventories	3.13	48,049,845	26,074,572
(b) Trade receivables	3.14	2,918,296,349	3,691,467,495
(c) Cash and Bank Balances	3.15	167,057,882	119,275,404
(d) Short-term loans and advances	3.16	314,177,144	257,412,771
TOTAL		14,906,552,037	14,732,939,525
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

Bengaluru
 August 31, 2012

Vijay Bhatia
 Partner
 Membership No. 201862

Asif Khader
 Managing Director

Mueed Khader
 Director

P. Phaneendra
 Company Secretary



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2012

(Amount in Rupees)

PARTICULARS	Note No.	For the Year Ended 31st March 2012	For the Year ended 31st March 2011
Revenue from operations	3.17	2,699,459,018	2,403,913,172
Other Income	3.18	101,451,632	29,037,256
Total Revenue		2,800,910,650	2,432,950,428
Expenses:			
Cost of Materials consumed		-	-
Purchases of stock-in-trade		1,165,948,118	1,001,756,731
Changes in inventories of Stock-in-Trade ^{3.19}		(21,578,783)	(4,798,756)
Employee benefit expense	3.20	920,685,879	854,230,447
Financial costs	3.21	760,204,200	785,832,469
Depreciation and amortization expenses	3.22	857,737,896	614,220,261
Other expenses	3.23	1,754,621,260	602,613,910
Total Expenses		5,437,618,570	3,853,855,062
Loss before exceptional and extraordinary items and tax		(2,636,707,920)	(1,420,904,634)
Exceptional Items		-	3,446,493
Loss before extraordinary items and tax		(2,636,707,920)	(1,424,351,127)
Extraordinary Items (Net of taxes)	3.24	1,387,429,405	3,052,201
Loss before tax		(1,249,278,515)	(1,427,403,328)
Tax expense:			
(1) Current tax		(9,251,882)	(2,436,096)
(2) Deferred tax		657,241,814	(86,001,850)
Loss for the period		(601,288,584)	(1,338,965,382)
Less: Share of Minority Interests		160,115	157,982
Loss for the period		(601,128,468)	(1,338,807,400)
Earning per equity share:			
(1) Basic / Diluted excluding extraordinary items, net of tax expense		(16.89)	(11.39)
(2) Basic / Diluted including extraordinary items		(5.10)	(11.37)
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

Bengaluru
 August 31, 2012

Vijay Bhatia
 Partner
 Membership No. 201862

Asif Khader
 Managing Director

Mueed Khader
 Director

P. Phaneendra
 Company Secretary



STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2012

(Amount in Rupees)

PARTICULARS	Current year	Previous Year
Cash flows from Operating Activities		
Net profit before taxation and extraordinary items	(2,636,707,920)	(1,420,904,634)
Adjustments for:		
Foreign Exchange Loss (Net)	488,964,681	63,303,485
Depreciation and amortization	857,737,896	614,220,261
Loss on sale of assets	-	3,446,493
Interest expense on borrowings	760,204,200	786,680,668
Dividend and interest income	-	848,199
Operating profit before working capital changes	(529,801,142)	47,594,472
Adjustments for working capital		
Inventory	(21,578,783)	(4,798,756)
Trade Receivable	773,171,146	(14,660,888)
Short term Loans and advances	(56,764,373)	4,358,865
Other current assets	-	(63,208,218)
Current liabilities	(1,654,468,093)	213,866,214
Cash generated from operations	(1,489,441,245)	183,151,689
Adjustments for		
Direct Taxes paid	-	-
Net cash from Operations before extraordinary items	(1,489,441,245)	183,151,689
Extraordinary items	1,387,429,405	6,498,694
Net cash generated from Operating Activities	(102,011,840)	176,652,995
Cash flows from Investing Activities		
Purchase of investment	-	2,972,852
Decrease in Work in Progress	18,169,128	-
Dividend / Interest received	-	(848,199)
(Increase)/Decrease in deferred revenue expenditure	-	(779,479)
Proceeds from sale of Fixed assets	-	14,262,243
Acquisition of property, fixed assets (including advances)	(183,067,770)	180,784,981
Net cash from Investing Activities	(164,898,641)	196,392,398
Cash flows from Financing Activities		
Interest on borrowed funds	(760,204,200)	(786,680,668)
Borrowings	1,132,915,515	439,446,945
Long terms loans and advances	(48,193,147)	-
Long term Provisions	(9,825,209)	-
Unsecured Loans	-	(41,585,818)
Net cash from Financing Activities	314,692,959	(388,819,541)
Net increase/(decrease) in Cash and Cash Equivalents	47,782,478	(15,774,148)
Opening cash and cash equivalents	119,275,404	135,049,552
Closing cash and cash equivalents	167,057,882	119,275,404

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

For and on behalf of the Board

Bengaluru
 August 31, 2012

Vijay Bhatia
 Partner
 Membership No. 201862

Asif Khader
 Managing Director

Mueed Khader
 Director

P. Phaneendra
 Company Secretary

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, 2012 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 has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.
- (ii) The Management estimates the useful life of Customized software/commercial rights procured for specific application as 3 years and accordingly amortizes over their estimated useful life on a straight line basis.
- (iii) Depreciation on individual low cost assets (costing less than Rs.5,000) is provided for in full in the year of purchase irrespective of date of installation.
- (iv) Other Intangible assets are amortized over their respective individual estimated useful life on a straight-line basis, commencing from the date the asset is available to the Company for its use.
- (v) After recognition of impairment loss, the depreciation charge for the asset is on the revalued amount prospectively over the remaining useful life of the asset.

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 offsetting 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, 2012

3.01 SHARE CAPITAL

a) Break-up of shares

(Amount in Rupees)

PARTICULARS	As at 31.3.2012	As at 31.3.2011
AUTHORISED		
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
ISSUED AND SUBSCRIBED AND FULLY PAID-UP		
117,766,850 (Previous year 117,766,850) Equity shares of Rs.2/- each fully paid up	235,533,700	235,533,700
Total	235,533,700	235,533,700

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

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

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

The Company has not declared dividend during the year.

b) Reconciliation of number of shares

(Amount in Rupees)

Equity Shares	As at 31.3.2012		As at 31.3.2011	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	117,766,850	235,533,700	117,766,850	235,533,700
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	117,766,850	235,533,700	117,766,850	235,533,700

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

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

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

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

Name of the Shareholder	As at 31-03-2012		As at 31-03-2011	
	Number of shares	% of shareholding	Number of shares	% of shareholding
IBC Knowledge Park Private Limited	12,632,506	10.73%	5,854,160	4.97%
Bank of India	11,291,723	9.59%	11,291,723	9.59%
Total	23,924,229		17,145,883	

3.02 RESERVES AND SURPLUS

(Amount in Rupees)

PARTICULARS		As at 31-03-2012	As at 31-03-2011
(a)	Capital Reserve A	548,925,710	576,353
(b)	Securities Premium Account		
	Opening Balance	1,789,826,374	1,789,826,374
	Add: Receipts during the year	-	-
	Closing Balance B	1,789,826,374	1,789,826,374
(c)	FCCB Premium Redemption Reserve		
	Opening Balance	240,000,000	240,000,000
	Add: Transfer during the year	-	-
	Closing Balance C	240,000,000	240,000,000
(d)	General Reserve		
	Opening Balance	1,843,000,000	1,843,000,000
	Add: Transfer during the year	-	-
	Closing Balance D	1,843,000,000	1,843,000,000
(e)	Foreign Currency Translation Reserve E	365,417,974	212,048,794
(f)	Balance in profit and loss account		
	Opening balance	(955,006,058)	383,801,342
	Add/Less: Current year Loss	(601,128,468)	(1,338,807,400)
	Closing Balance F	(1,556,134,526)	(955,006,058)
	TOTAL	3,231,035,532	3,130,445,463

3.03 LONG TERM BORROWINGS

(Amount in Rupees)

PARTICULARS		As at 31-03-2012	As at 31-03-2011
	Secured Loan		
	Term Loans from Jammu and Kashmir Bank Limited	349,975,066	487,575,066
	Unsecured Loan		
	Foreign Currency Term Loan from UPS Capital	167,081,302	143,892,107
	TOTAL	517,056,368	631,467,173

Term Loans from Jammu and Kashmir Bank Limited is secured by Hypothecation of Current and Fixed Assets of the Company; Pledge of Shares of Wholly Owned Subsidiary Systat Software Inc; Charge on Property at Bannerghatta Road; Assignment of Intellectual Property Rights of Sigma Plot Product line; Creation of Charge of Intellectual Property rights of Systat Software Inc, USA; Personal Guarantee of Directors

Rate of Interest is Base rate + 2.25%, which varies between 10.50% to 10.75% during the year. The Loan was restructured during the month of October 2010 with repayment schedule of 16 equal quarterly installments starting from October 2011.

3.04 LONG TERM PROVISIONS

(Amount in Rupees)

PARTICULARS		As at 31-03-2012	As at 31-03-2011
	Gratuity	1,310,106	1,170,684
	Leave encashment	3,088,875	13,053,506
	TOTAL	4,398,981	14,224,190

**3.05 SHORT-TERM BORROWINGS**

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Secured Loan	70,242,680	76,005,715
Leave encashment	7,694,833,521	6,441,744,166
TOTAL	7,765,076,201	6,517,749,881

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.

3.06 TRADE PAYABLES

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Trade payable	667,490,546	1,039,496,216
TOTAL	667,490,546	1,039,496,216

3.07 OTHER CURRENT LIABILITIES

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Current Maturities of Long-term Loan	137,600,000	2,193,358,059
Unpaid dividend	962,143	1,022,469
Amounts due and payable to Investor Education and Protection Fund	60,326	-
Statutory dues (Including Provident Fund, Withholding and other taxes) (Refer Note No. 3.27)	113,442,456	83,864,823
Director's Current Account	375,893,962	374,873,526
Dues to related Parties	13,236,202	11,396,502
Advance received from Customers	28,973,628	26,800,322
Outstanding Expenses	71,249,886	2,049,450
Unpaid dividend on Equity Shares	23,553,370	23,553,370
Unpaid dividend on Dividend Distribution Tax	27,388,281	27,388,281
Other Advances	1,690,283,408	349,716,100
Book Overdraft	3,317,047	-
TOTAL	2,485,960,709	3,094,022,902

3.08 SHORT TERM PROVISION

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Provision for Warranty		
Opening Balance	70,000,000	70,000,000
Less: Reversal during the year	70,000,000	-
TOTAL	-	70,000,000

The management has ascertained the Warranty liability that will accrue in the future periods as on 31st March 2012 to be Nil and has reversed the excess liability to the Statement of Profit and Loss as at the year end. The auditors have relied on the certificate of the management in this regard.

3.09 FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block						Depreciation / Amortisation					Net Block	
	Cost as on 01-04-2011	Additions	Adjustments	Deletions	Total as on 31-03-2012	Upto 01-04-2011	For the year	Adjustments	Withdrawn	Total Upto 31-03-2012	As on 31-03-2012	As on 31-03-2011	
LAND AND BUILDING	94,712,158	-	-	-	94,712,158	2,404,749	80,396	-	-	2,485,145	92,227,013	92,307,409	
FURNITURE & FIXTURES	83,810,601	-	34,290	-	83,844,890	40,927,567	4,547,960	-	-	45,475,527	38,369,363	42,883,035	
COMPUTERS	172,595,235	2,363,432	821,192	-	175,779,859	138,904,415	11,131,107	(2,065)	-	150,033,457	25,746,402	33,690,820	
PLANT & MACHINERY	94,169,547	280,909	(1,090,275)	-	93,360,181	33,691,636	7,726,829	(6,648,951)	-	34,769,514	58,590,667	60,477,911	
VEHICLE	21,502,099	-	-	-	21,502,099	11,163,013	1,914,438	-	-	13,077,451	8,424,648	10,339,085	
Total A	466,789,640	2,644,341	(234,793)	-	469,199,188	227,091,379	25,400,730	(6,651,016)	-	245,841,094	223,358,094	239,698,260	
GOOD WILL	1,942,279,850	517,019,857	-	-	2,459,299,707	-	240,511,673	-	-	240,511,673	2,218,788,034	1,942,279,850	
COMPUTER SOFTWARE	6,101,058,680	73,246,616	140,080,291	-	6,314,385,587	3,882,631,579	591,825,493	-	-	4,474,457,072	1,839,928,515	2,218,427,101	
Total B	8,043,338,530	590,266,473	140,080,291	-	8,773,685,294	3,882,631,579	832,337,166	-	-	4,714,968,745	4,058,716,549	4,160,706,951	
TOTAL A+B	8,510,128,170	592,910,814	139,845,498	-	9,242,884,481	4,109,722,958	857,737,896	(6,651,016)	-	4,960,809,839	4,282,074,642	4,400,405,211	
PREVIOUS YEAR	6,872,552,263	35,941,843	11,962,225	27,866,840	7,364,506,958	3,496,078,264	614,220,261	9,582,538	10,158,104	4,109,722,959	4,400,405,211	5,207,171,065	

**3.10 NON CURRENT INVESTMENTS**

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Cranes Software Middle East LLC - UAE : 147 Equity shares of UAE Dirham 1,000/- each fully paid up (Previous Year 147 Equity shares of UAE Dirham 1,000/- each fully paid up)	1,786,172	1,786,172
TOTAL	1,786,172	1,786,172

3.11 DEFERRED TAX ASSETS (NET)

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Deferred Tax Asset Attributable to :		
Brought forward losses	1,316,765,012	606,613,206
Provision for Retirement Benefits	812,000	-
Expenses allowable on payment	224,861,000	414,146,843
Less:		
Deferred Tax Liability Attributable to :		
Difference between Book and Tax Depreciation	(240,570,622)	(511,704,963)
TOTAL	1,301,867,390	509,055,086

3.12 LONG TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Unsecured, considered Good		
Earnest Money Deposits	5,244,292	4,648,723
Other Deposits	27,218,622	4,210,697
Rent Deposits	10,278,000	10,098,000
Security Deposits	520,082	509,699
Disputed Tax Payments	14,492,086	11,089,552
Loans & Advances - Others	2,595,596,587	2,459,164,302
TOTAL	2,653,349,669	2,489,720,973

3.13 INVENTORY

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Stock in Trade	47,653,355	26,074,572
Goods in transit	396,490	-
TOTAL	48,049,845	26,074,572

3.14 TRADE RECEIVABLES

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Debts overdue for a period exceeding six months		
Unsecured, considered good	3,392,219,770	3,228,343,868
Less: Provision for doubtful debts	(656,027,182)	-
A	2,736,192,588	3,228,343,868
Other Debts		
Unsecured, Considered good	182,103,761	463,123,627
B	182,103,761	463,123,627
TOTAL (A + B)	2,918,296,349	3,391,467,495

3.15 CASH AND BANK BALANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Cash and Cash Equivalents:		
Cash on hand	11,767	52,465
Bank balances:		
In Current Accounts	154,310,158	110,147,128
In Deposit Accounts	1,635,100	2,629,457
Other Bank Balances:		
Balances with Bank held as Margin Money with maturity of 3 to 12 Months	10,126,529	5,558,231
In Dividend Accounts	974,328	888,123
TOTAL	167,057,882	119,275,404

3.16 SHORT TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Prepaid Expenses	58,830,037	121,622
Advance to Employee & Suppliers	32,548,046	37,709,069
MAT Credit Entitlement	163,500,000	163,500,000
Balances with Revenue Authorities	17,204,768	30,183,617
Others	42,094,293	25,898,463
TOTAL	314,177,144	257,412,771

3.17 REVENUE FROM OPERATIONS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
(a) Sale of Products		
- Hardware Products	2,558,495,881	2,224,076,931
- Software Licences	93,964,406	139,402,064
(b) Sale of Services	46,998,731	40,434,177
TOTAL	2,699,459,018	2,403,913,172

**3.18 OTHER INCOME**

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
(a) Interest received from Banks	419,433	749,170
(b) Liabilities written back to the extent no longer required	82,636,856	267,537
(d) Other Income	18,395,343	28,020,549
TOTAL	101,451,632	29,037,256

3.19 CHANGES IN INVENTORIES OF STOCK IN TRADE

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
Stock at the end of the year	47,653,355	26,074,572
Stock at the beginning of the year	26,074,572	21,275,816
Increase / (Decrease) in stock	(21,578,783)	(4,798,756)

3.20 EMPLOYEE BENEFITS EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
Salaries and Wages	917,320,706	845,979,504
Contribution to provident and other funds	2,559,741	2,257,710
Staff Welfare Expenses	805,432	5,993,233
TOTAL	920,685,879	854,230,447

3.21 FINANCE COSTS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
Interest on long term borrowings	84,191,502	36,075,624
Other borrowing costs	676,012,698	749,756,845
TOTAL	760,204,200	785,832,469

3.22 DEPRECIATION AND AMORTIZATION EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
Depreciation on Tangible Assets	25,400,708	30,183,074
Amortization on Intangible Assets	832,337,188	584,037,187
TOTAL	857,737,896	614,220,261

3.23 OTHER EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
Payment to Auditor		
-As Audit Fee	1,549,020	1,432,804
-As Reimbursement of Expenses	22,450	-
Power and fuel	7,886,077	8,252,571
Rent	61,936,878	56,252,610
Repairs and Maintenance		
- Buildings	59,419	-
- Machinery	700,960	-
- Others	3,367,220	1,508,696
Insurance	14,063,505	12,704,291
Rates and Taxes, excluding taxes on income	2,568,370	3,504,569
Provision for Bad and Doubtful Debts	650,000,000	-
Marketing Expenses	26,050,784	23,373,213
Sales Commission	74,896,707	66,685,780
Bad Debts	5,827,850	3,488,065
Travelling Expenses	37,436,776	38,050,980
Communication Expenses	14,415,082	-
Exchange Fluctuations	488,964,681	33,014,944
Prior period expenses	48,950,378	30,308,107
Legal & Professional Charges	51,500,822	12,450,415
Miscellaneous expenses	264,424,281	311,586,865
TOTAL	1,754,621,260	602,613,910

3.24 EXTRAORDINARY ITEMS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2012	For the Year March 31, 2011
Amounts written back on one time settlement		
-Trade Payables	73,888,596	-
- Loan amounts from Banks	1,193,996,966	-
- Interest liabilities to Banks	171,254,363	3,052,201
Loss on Investment	(51,710,520)	-
TOTAL	1,387,429,405	3,052,201



3.25 EARNINGS PER SHARE

Particulars	31.03.2012		31.03.2011	
	Before Extraordinary Items	After Extraordinary Items	Before Extraordinary Items	After Extraordinary Items
(a) Basic				
Profit after tax	(1,988,557,873)	(601,128,468)	(1,341,859,601)	(1,338,807,400)
Weighted average number of shares outstanding	117,766,850	117,766,850	117,766,850	117,766,850
Basic EPS	(16.89)	(5.10)	(11.39)	(11.37)
(b) Diluted				
Profit after tax	(1,988,557,873)	(601,128,468)	(1,341,859,601)	(1,338,807,400)
Adjusted net profit for the year	(1,988,557,873)	(601,128,468)	(1,341,859,601)	(1,338,807,400)
Weighted average number of shares outstanding for diluted EPS	117,766,850	117,766,850	117,766,850	117,766,850
Diluted EPS	(16.89)	(5.10)	(11.39)	(11.37)
Face value per share	2.00	2.00	2.00	2.00

3.26 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-12
ii.	Systat Software Asia Pacific Limited	India	100%	31-Mar-12
iii.	Systat Software GmbH	Germany	100%	31-Mar-12
iv.	Cranes Software International Pte. Ltd.	Singapore	100%	31-Mar-12
v.	Cranes Software Inc., (Earlier known as NISA Software Inc)	USA	100%	31-Mar-12
vi.	Analytix Systems Private Limited	India	100%	31-Mar-12
vii.	Tilak Autotech Pvt Ltd	India	100%	31-Mar-12
viii.	Dunn Solutions Group Inc.,	USA	Wholly Owned subsidiary of Cranes Software Inc	31-Mar-12
ix.	Caravel Info Systems Pvt Ltd	India	100%	31-Mar-12
x.	Proland Software Pvt Ltd	India	100%	31-Mar-12
xi.	Engineering Technology Associates Inc. USA	USA	Wholly Owned subsidiary of Cranes Software Inc	31-Mar-12
xii.	Engineering Technology Associates Inc. (Shanghai)	China	Wholly Owned subsidiary of Engineering Technology Associates Inc, USA	31-Mar-12
xiii.	Esqube Communicaton Solutions Pvt Ltd	India	76%	31-Mar-12
xiv.	Cubeware GmbH, with its Wholly owned subsidiaries in Austria and Switzerland	Germany	Wholly owned subsidiary of Systat Software GmbH	31-Mar-12

3.27 CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Claims against the Company not acknowledged as debts		
(a) Income tax matters	123,579,740	440,670,000
(b) Service Tax matters	75,798,122	-
(c) Guarantees and Counter Guarantee	11,761,629	5,953,781
(d) Others	5,515,000	-
Commitments		
TOTAL	216,654,491	446,623,781

3.28 RELATED PARTY DISCLOSURES AS ASCETAINED BY THE MANAGEMENT

Particulars		Key Management Personnel	Other Related Parties
Remuneration Paid	Current Year	-	-
	Previous Year	7,200,000	-
Payable at the year end	Current Year	375,893,962	13,236,202
	Previous Year	374,873,526	11,000,000

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

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



3.29 SEGMENT REPORTING

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

Primary Segments- a) Exports and b) Domestic

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

Primary Segment Information - Geographical Segment

(Amount in Rupees)

Sl. No.	Particulars	Current Year			Previous Year		
		Export	Domestic	Total	Export	Domestic	Total
1	Segment Revenue	2,567,461,000	131,998,018	2,699,459,018	2,214,690,000	189,220,000	2,403,910,000
2	Segment Results	(1,899,840,912)	(4,010,615,144)	(2,110,774,232)	(589,890,000)	(50,390,000)	(640,280,000)
	Other Income	-	-	101,451,632			29,010,000
	Operating Profit	(1,899,840,912)	(4,010,615,144)	(2,009,322,600)			(611,270,000)
	Interest Expenses			760,204,200			785,830,000
	Profit before tax			(1,249,118,400)			(1,397,100,000)
	Tax Expenses			647,989,932			(88,440,000)
	Profit after tax			(601,128,468)			(1,308,660,000)
	Adjustments relating to earlier years						30,010,000
	Net Profit			(601,128,468)			(1,338,670,000)
3	Segments Assets	9,356,569,609	3,118,856,536	12,475,426,145	4,986,820,000	1,662,270,000	6,649,090,000
	Total Assets			12,475,426,145			6,649,090,000
	Segment liabilities	2,339,124,859	779,708,286	3,118,833,145	1,679,010,000	559,670,000	2,238,680,000
	Total Liabilities			3,118,833,145			2,238,680,000
	Segments Capital Employed (Segment Assets-Segment Liabilities)	7,017,444,750	2,339,148,250	9,356,593,000	3,307,810,000	1,102,600,000	4,410,410,000
4	Capital Expenditure	545,477,900	47,432,900	592,910,800	33,060,000	2,870,000	35,930,000
5	Depreciation	793,407,550	64,330,346	857,737,896	568,780,000	45,440,000	614,220,000

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	2,664,559,018	34,900,000	2,326,580,000	77,330,000
2	Segment Result	(2,178,741,162)	(67,966,930)	(625,350,000)	(14,790,000)
3	Segment Assets	11,229,131,073	1,246,295,072	5,990,830,000	658,260,000
4	Capital Expenditure	579,214,561	13,696,239	35,110,000	830,000

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

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

For and on behalf of the Board

Bengaluru
 August 31, 2012

Vijay Bhatia
 Partner
 Membership No. 201862

Asif Khader
 Managing Director

Mueed Khader
 Director

P. Phaneendra
 Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

It is hereby notified that the **27th Annual General Meeting** of the shareholders of **Cranes Software International Limited**, will be held at **10:00 AM on Friday, 28th September, 2012** at Shri Devaraj Urs Bhavan, No.16-D, Miller Tank Bund Area, Vasanthnagar, Bangalore-52, to transact the following business :

Ordinary Business :

1. To consider and adopt the Balance Sheet as at 31st March 2012, the Profit and Loss account for the financial year ended on 31st March 2012 along with relevant annexures, notes on accounts, policies and the reports of the Auditors and Directors' thereon.
2. To appoint statutory auditors of the Company M/s. S Janardhan & Associates., to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and fix their remuneration, as may be determined by the Board.

Special Business:

3. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-**

"Resolved that in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the company be and is hereby given for the re-appointment of Mr. Asif Khader as the Managing Director of the Company for a period of three years with effect from 17th May, 2012 on the following terms and conditions and remuneration:-

Salary	Rs. 2,00,000 per month
Perquisites :	
1. Contribution to Provident / Superannuation Fund	As per rules of the Company (non taxable portion only)
2. Gratuity	As per the rules of the Company not exceeding half month's salary, for each completed year of service
3. Encashment Earned / Privilege Leave	As per rules of the Company
4. Telephone	Free use of Telephone at Residence
5. Provision of Car	Free use of Car with Driver on Company's business.
6. Personal Accident Insurance	For self as per rules of the Company.

"Resolved further that in the event of there being inadequacy or absence of profits in any financial year, during the currency of tenure of the Managing Director, he will be paid remuneration not exceeding the limits specified in Section II of PART II of Schedule XIII to the Companies Act, 1956 or such other limit as may be prescribed by the Government from time to time as minimum remuneration."

4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :-**

"Resolved that subject to the provisions of sections 198 and 309 and any other applicable provision, if any, of the Companies Act, 1956, as may be amended from time to time, consent of the Company be and is hereby accorded, for payment of commission, to Non-Executive directors of the Company, other than the Managing and Whole Time Directors, if any, as may be decided by the Board, from time to time, as and when the Company starts to make sufficient profits, but not exceeding the limit of 1% per annum, of the net profits of the Company, calculated in accordance with the provisions of the act, such commission to be



paid, in such proportion, amongst the Non-Executive directors, in such manner, as may be decided by the Board, of the Company, for a period of three years, commencing from 17th May, 2012, retrospectively and in the event of absence of profits, the Non-Executive directors, subject to the approval of the Central Government, be paid such remuneration, on a monthly, quarterly or annual payment, in terms of sub section 4 of section 309, of the Companies Act, 1956."

Place : Bengaluru
Date : August 31, 2012

By Order of the Board
For Cranes Software International Ltd

Asif Khader
Managing Director

**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies in order to be valid, should be deposited at the Registered Office of the company not later than 48 hours before the commencement of the meeting.
2. The Register of Members of the company will remain closed from 23.09.2012 to 28.09.2012 (both days inclusive).
3. Members are requested to notify immediately any change in their address to the Company's Share-Transfer Agents and notify their permanent account numbers (PAN), to the depository participant / share-transfer agents, as the case may be.
4. Members / bodies corporate / proxies should bring the attendance slip duly filled in for attending the meeting.
5. Members are requested to bring their copies of Annual Report to the meeting.
6. To avail the facility of nomination, members are requested to submit to the company the nomination form, which may be supplied on request.
7. Corporate members or shareholders may attend the AGM if authorized in accordance with section 187 of the Companies Act, 1956 and a certified copy of the Board resolution / power of attorney, authorizing the representative, to attend and vote at the AGM, has been sent to the Company.
8. Members desirous of obtaining any information on any matter pertaining to the AGM may address their queries to the Registered Office of the Company, atleast 12 days, prior to the date of meeting.
9. As part of green initiative in Corporate Governance, the Ministry of Corporate Affairs (MCA), Government of India, through its circular numbers 17/2011 and 18/2011, dated April 21 and 29, 2011 respectively, has allowed companies to send official documents like notice convening general meeting and annual report to their members electronically.

Keeping in view the provisions of the aforesaid circulars issued by MCA, we propose to send documents like the notice convening general meetings, audited financial statements, directors' report, auditors' report, etc. for and from the year ended March 31, 2011, in electronic form, to your email address made available to the Company by you. Please register your email address with us, if not done already and also inform any changes in your email address to your depository participant from time to time.

Following the government directive, the full text of these notices / reports will also be made available on our website, www.cranessoftware.com. Physical copies of the notice and annual report will be available at our registered office for inspection during office hours. In case you desire to receive the documents mentioned above in physical form, please write to us to the aforesaid address or send an email to investor.register@cranessoftware.com by mentioning your reference number.

Place : Bengaluru
Date : August 31, 2012

By Order of the Board
For Cranes Software International Ltd

Asif Khader
Managing Director



ANNEXURE TO THE NOTICE

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956:

For Item # 3 :

The term of office of Mr. Asif Khader as Managing Director of the Company expired on 16th May, 2012 and the Board of Directors at their meeting held on 31st August, 2012 decided to re-appoint him as the Managing Director, with retrospective effect, from 17th May, 2012, as Director, not liable to retire by rotation, for a further period of three years, with effect from 17th May, 2012 on the revised terms and conditions, as set out in the notice. The remuneration payable to Mr. Asif Khader, has been approved by the remuneration committee of the Board. A separate application would be made before the Central Government, for its approval of the appointment and payment of remuneration, to the Managing Director, in terms of sub section 2 of section 269, of the Companies Act, 1956.

Mr. Asif Khader has been spearheading the operations of the Company as Managing Director and under his tenure the Company has shown tremendous growth and progress. Keeping in view his contributions and the present difficult circumstances the company finds itself in, it is in the best interest of the Company, to re-appoint him and accordingly the Board of Directors, have re-appointed him, as Managing Director, for a further period of three years, subject to the approval of the shareholders, in the AGM and the Central Government. The details of Mr. Asif Khader relating to other Directorships etc., as required under clause 49, of the listing agreement, are attached to this notice.

The draft agreement entered into by the company with Mr. Asif Khader in respect of his re-appointment as a Managing Director, containing the terms and conditions, are available at the Registered office, of the Company, for inspection during working hours, on any working day upto the date of the AGM.

The Managing Director will carry out such duties and exercise such powers as may be entrusted to him by the Board of Directors subject to the supervision, superintendence and control of the Board.

The proposed resolution and this explanatory statement may be treated as an abstract of the terms and conditions of the appointment of Mr. Asif Khader as Managing Director in terms of Section 302 of Companies Act, 1956.

None of the Directors, other than Mr. Asif Khader and Mr. Mueed Khader, being related to Mr. Asif Khader, may be considered as interested in the above resolution.

The Directors recommend the resolution for approval of the members.

For Item # 4 :

Under the provisions of sub section 4 of section 309, non whole time directors, may be paid remuneration, either by way of monthly, quarterly or annual payment, with the approval of the Central Government or by way of commission, if the Company, by special resolution authorises such payment. Non-Executive Directors play a very important role, in the affairs of a Company and this resolution is proposed by way of an enabling provision.

All Non-Executive directors of the Company, present and future, may be deemed to be concerned or interested, in the said resolution.

Place : Bengaluru
Date : August 31, 2012

By Order of the Board
For Cranes Software International Ltd

Asif Khader
Managing Director

ANNEXURE

Information about Directors seeking re-appointment in this Annual General Meeting.
(in accordance with Clause 49 of the Listing Agreement)

In respect of item No. 3 of the Notice :

Name of the Director	Mr. Asif Khader
Father's Name	Syed Abdul Khader
Date of birth	15.02.1966
Educational Qualifications	B.E
Date of appointment	30.04.2002
Other Directorships in Public Limited Companies	Systat Software Asia Pacific Ltd. Analytix Systems Pvt Ltd Caravel InfoSystems Pvt Ltd., Proland Softwares Pvt Ltd., Tilak Autotech Pvt Ltd Esqube Communication Solutions Pvt. Ltd.
Committee Memberships in Cranes Software International Ltd.	Share Transfer Committee - Member Shareholders Grievance Committee - Chairman Audit Committee - Member Remuneration Committee - Chairman



CRANES SOFTWARE INTERNATIONAL LIMITED

Registered Office : # 2, Tavarekere, Bannerghatta Road, BTM Layout, 1st Stage, 1st Phase, Bangalore - 29

Annual General Meeting at 10.00 a.m. on Friday, 28th September, 2012 at
Sri Devaraj Urs Bhavan, No.16-D, Miller Tank Bund Area, Vasanthnagar, Bangalore - 560 052

ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall.

Name of First named Shareholder	No. of Shares	Folio No.	If held in dematerialised form	
			D P ID No.	Client ID No.

I certify that I am a registered Shareholder of the Company.

I hereby record my presence at the above **Annual General Meeting** of the Company.

A member/proxy wishing to attend the meeting must complete this attendance slip and hand it over at the entrance of the meeting hall.

Name of Proxy (if any) in BLOCK LETTERS

Signature of Member/Proxy



CRANES SOFTWARE INTERNATIONAL LIMITED

Registered Office : # 2, Tavarekere, Bannerghatta Road, BTM Layout, 1st Stage, 1st Phase, Bangalore - 29

PROXY FORM

I/We of being a member / members
of **Cranes Software International Limited**, hereby appoint of
..... or failing him
of as my / our proxy to attend and vote for me /us on my/our behalf at the 27th
Annual General Meeting of the Company held at 10:00 AM on Friday, 28th September, 2012

No. of shares	Folio No.	If held in dematerialised form	
		D P ID No.	Client ID No.

Signature
affixing Re. 1.00
Revenue Stamp

NOTE: Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The form duly completed should be deposited at the Registered Office of the Company at Bangalore not less than 48 hours before the commencement of the meeting.

If undelivered please return to :

Cranes Software International Limited

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