

ANNUAL REPORT

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Cranes Software International Limited

Enterprise Analytics and Engineering Simulation Software & Solutions





Board of Directors	Mr. Asif Khader	- Co-founder & Managing Director
	Mr. Mukkaram Jan	- Co-founder & Director (Resigned as of 30th May 2018)
	Mr. Mueed Khader	- Director
	Mr. Richard Gall	- Director
	Dr. Peter Ryser	- Director
	Mrs. Akthar Begum	- Director
Company Secretary	P. Phaneendra	
Bankers	Bank of India The Jammu & Kashmir Bank Ltd. State Bank of Travancore IDBI Bank Ltd. Canara Bank State Bank of Mysore	
Auditors	Sethia Prabhad Hegde & Co. Chartered Accountants No. 21, 1st Floor, 14th A Main Road, 'E' Block Extension, Sahakara Nagar, Bangalore - 560 092	
Registered Office	Cranes Software International Ltd. # 2, Tavarekere, Bannerghatta Road, BTM Layout, 1st Stage, 1st Phase, Bangalore - 560 029	
Registrars	Integrated Registry Management Services Pvt. Ltd. # 39, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003	
Website	www.cranessoftware.com	



CRANES SOFTWARE INTERNATIONAL LIMITED

FINANCIAL STATEMENTS 2017 - 2018



DIRECTOR'S REPORT - 2018

Dear Member,

Your Board is pleased to present the 33rd Annual Report of Cranes Software International Limited (CSIL), along with the audited financial statements for the fiscal year 31st March, 2018.

Macro - Economic Scenario

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

Consolidated / standalone financial performance

The consolidated annual revenue from operations has registered a decrease of about 24% compared with the previous year and the Company has posted loss from operations before tax of Rs. 864.43 million as compared to Rs. 1252.77 million in the previous year.

The standalone annual revenue from operations has registered a steep increase by about 188% compared with the previous year, mainly on account of settlement of loans during the year. The loss for the period before tax stands at Rs. 820.19 million as compared with Rs. 1076.70 million in the previous year.

Financial highlights (Consolidated & Standalone)

(Rs. in Crore)

Particulars	Consolidated		Standalone	
	2017-18	2016-17	2017-18	2016-17
Total revenue	263.38	348.00	84.40	29.30
Total expenses	351.62	473.41	166.50	136.92
Profit / (Loss) before extraordinary items & tax	(88.23)	(125.42)	(82.02)	(107.62)
Exceptional Items	-	(0.14)	-	0.05
Profit / (Loss) before tax	(88.23)	(125.28)	(82.02)	(107.67)
Tax expense	(9.98)	(35.56)	(6.82)	(35.17)
Profit / (Loss) for the period	(78.25)	(89.71)	(75.20)	(72.50)

NEW INITIATIVES AND CORPORATE ACTION

In the year under review, the Company has enhanced its position in the areas of Business Intelligence, Engineering Services and Vocational Training. The Company continues to improve operational effectiveness, optimize costs and increase market reach across all businesses. These initiatives have positively impacted the current year business revenues and improved operating margins, especially in our overseas subsidiaries.

DIVIDEND

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

RESERVES

Your directors do not recommend any transfers to reserves.

SHARE CAPITAL

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

LISTING/DELISTING

The equity shares of the Company are listed at BSE Limited ("BSE").



The equity shares of the Company were also listed on National Stock Exchange of India Limited (“NSE”) but suspended from trading on NSE.

Pursuant to approval of the Board of Directors at its meeting held on July 10, 2018, the Company had filed application for voluntary delisting of Company’s equity shares from the NSE on July 19, 2018 in terms of regulation 6 and 7 of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (“SEBI Delisting Regulations”) which was approved by NSE vide its circular no. NSE/LIST/55769 dated July 31, 2018 pursuant to which NSE has withdrawn (delisted) the admission to dealing in securities of the Company w.e.f. August 8, 2018.

The Equity Shares of the Company will continue to remain listed on BSE having nationwide terminals and the shareholders of the Company shall continue to avail the benefits of listing and trading on BSE.

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

While the Company avoided being shut down to the detriment of its stakeholders by getting life-saving, emergency loans from an angel investor in reliance upon the Cubeware, ETA and DSG foreign subsidiaries as pledged collateral, Cranes’ deep financial crisis lead to inability to settle these loans and the unavoidable pledge-based transfer of these subsidiaries’ shares, as reflected in the Balance Sheets reported by your Company.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There is no reportable change in the nature of business of the Company during the financial year ended 31st March, 2018.

PARTICULARS OF LOANS, GUARANTEE & INVESTMENT

Details of loans, guarantees and investments under the provisions of section 186 are given in notes to financial statements.

CORPORATE GOVERNANCE

Your Company is committed to adoption of good corporate governance practices and compliance with the same, in accordance, with listing agreement guidelines, prescribed by SEBI. Your Company is reviewing the present guidelines and will take steps to become fully compliant, shortly. The Company is dedicated to ensuring proper qualification and competence of its Directors and Management; certain actions and rectifications in this area are currently sub-judice and will be adequately reported upon proper resolution. The report on corporate governance as stipulated by SEBI forms part of the annual report and the Independent Company Secretary certificate of compliance is attached to this report as per Annexure – I & II.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

SUBSIDIARIES, JOINT VENTURES & ASSOCIATES

Current Subsidiaries, Joint venture & Associates have been listed in Annexure-IV (part III). Any substantial or material business related changes that have taken place in the subsidiary companies during the year is reflected in the Balance Sheet reported by your company and discussed in a Management Discussion and Analysis report in Annexure-III.

EXTRACT OF ANNUAL RETURN

As required under the provisions of section 92(3) of the Companies Act, 2013 read with the Companies (Management and administration) Rules, 2014, an extract of the Annual Return of your Company in prescribed form MGT-9, for the fiscal year ended 31st March, 2018 is annexed to and forms part of this report as per Annexure – IV.

RELATED PARTY TRANSACTIONS

During the year under report, your Company has entered into related party transactions, which were on arm’s length basis and in the ordinary course of business. Certain material transactions as defined under section 188



of the Companies Act, 2013 read with the companies (Meetings of Board and its powers) Rules, 2014 are reported. All these transactions were previously approved by the audit committee and are being reviewed on a regular basis. Your Company will shortly propose the policy on related party transactions for approval by the Board. Further, details of contracts and arrangements with related parties for the fiscal year ended 31st March, 2018 are provided under note no. 40 to the audited financial statements.

RISK MANAGEMENT

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

PARTICULARS OF EMPLOYEES

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

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

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

INTERNAL FINANCIAL CONTROL & ADEQUACY

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

DETAILS OF DIRECTORS / KEY MANAGERIAL PERSONNEL

The current composition of the Board is noted below. The Company is dedicated to ensuring proper qualification and competence of its Directors and Management; certain actions and rectifications in this area are currently sub-judice and will be adequately reported upon proper resolution.

PROMOTER GROUP (EXECUTIVE WHOLE-TIME DIRECTORS)

Asif Khader

Mukkaram Jan – Resigned as on 30th May, 2018

Mueed Khader



NON- EXECUTIVE DIRECTORS:

Richard Gall

Dr. Peter Ryser

Mrs. Akthar Begum

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

DECLARATION BY INDEPENDENT DIRECTORS

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(a) Research & Development Activities

The Management of your Company has been committed to building a strong R&D culture from day one and has set clear R&D goals. In order to achieve these goals, the Company has focused on furthering the efficacies of R&D activities as well as building synergies among multiple-impact technologies.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Meetings of the Board

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

During the quarter ended 30 th June, 2017	30 th May, 2017
During the quarter ended 30 th September, 2017	14 th September, 2017
During the quarter ended 31 st December, 2017	14 th December, 2017
During the quarter ended 31 st March, 2018	14 th February, 2018

Composition of the audit committee

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

The Committee consists of the following Directors:

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

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



Name of the Director	30 th May, 2017	14 th September, 2017	14 th December, 2017	14 th February, 2018
Richard Gall	Yes	Yes	Yes	Yes
Asif Khader	Yes	Yes	Yes	Yes
Dr. Peter Ryser	Yes	Yes	Yes	Yes

REMUNERATION COMMITTEE

The committee consists of Mr. Richard Gall, Smt. Akthar Begum and Dr. Peter Ryser. The committee met on 14th September, 2017 to consider terms to the Whole-time Directors and Managing Director. All the committee members were present for the meeting and no changes were proposed to the terms of remuneration. The Company pays remuneration by way of salary, perquisites and allowances and a commission to the Whole-time Directors and Managing Director.

FOR NON-EXECUTIVE DIRECTORS:

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

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

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

SHARE HOLDER GRIEVANCE COMMITTEE

The Company has a Shareholder Grievance Committee constituted as per Section 178 of the Companies Act, 2013 and as per requirements under Clause 49 of the Listing Agreement, to look into the grievances of investors. This Committee consists of Smt. Akthar Begum, Mr. Asif Khader and Mr. Mueed Khader. There were no unresolved grievances from the investors / shareholders as on March 31, 2018.

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.

KEY MANAGERIAL PERSONNEL

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

STATUTORY AUDITORS

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

The present auditors M/s. Sethia Prabhada Hegde & Co, were appointed and ratified at the 32nd Annual General Meeting of your company to hold office for a period of 5 years i.e. till the conclusion of the 37th Annual General Meeting.

M/s. Sethia Prabhada Hegde & Co, Chartered Accountants, Bangalore, had given their consent to act as auditors and have submitted a certificate to the effect that their appointment, if made, would be in conformity with the provisions of section 139(1) of the act and that it will meet with the criteria prescribed under section 141 of the act.



AUDITORS QUALIFICATIONS AND BOARD'S REPLY

The statutory auditors have qualified their report on various matters pertaining to the Company and the Board has replied to these qualifications. A detailed list containing the audit qualifications and the Board's replies thereto have been provided as an annexure to this report, marked Annexure - VI.

SECRETARIAL AUDITOR AND BOARD'S REPLY TO SECRETARIAL AUDIT QUALIFICATIONS

Secretarial audit in prescribed Form MR-3 attached to this report marked Annexure - VII

FORMAL ANNUAL EVALUATION OF THE BOARD

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

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

HEALTH, SAFETY AND ENVIRONMENT

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

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE – PREVENTION PROHIBITION AND REDRESSAL ACT, 2013

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

VIGIL MECHANISM

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

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

**Bengaluru
14th August, 2018**

**CS P Phaneendra
Company Secretary**

LIST OF ANNEXURES

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

ANNEXURE I

CORPORATE GOVERNANCE REPORT 2017-18

(Annexure to Directors' Report)

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

Board of Directors:

The composition of the Board is as follows:

Promoter Group:

Asif Khader

Mukkaram Jan - resigned as of 30th May, 2018

Mueed Khader

Non- Executive Directors:

Richard Gall

Dr. Peter Ryser

Smt. Akthar Begum

Details of Board Meetings held during the year:

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

During the quarter ended 30 th June, 2017	30 th May, 2017
During the quarter ended 30 th September, 2017	14 th September, 2017
During the quarter ended 31 st December, 2017	21 st December, 2017
During the quarter ended 31 st March, 2018	14 th February, 2018

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

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

Name of the Director	Date of Appointment	No. of Board Meetings attended ³	Whether attended last AGM	Member-ship in other Board ⁴	Committees ³	
					Member ship	Chairman Ship
Asif Khader	30th April, 2002	4	Y	15	3	-
Mukkaram Jan	30th April, 2002	0	N	16	-	-
Mueed Khader	30th April, 2002	4	Y	9	2	1
Richard Gall	16th May, 2002	4	Y	1	3	2
Dr. Peter Ryser	29th March, 2005	4	N	-	2	-
Smt. Akthar Begum	29th September, 2016	4	N	-	2	1

¹ Due to IND-AS reporting, one month extension for these 2 quarters was permitted.

² Due to IND-AS reporting, one month extension for these 2 quarters was permitted.

³ Attendance via web presentation and Telephone call has been considered as having attended the Board Meeting.

⁴ Excludes any Foreign Companies.

⁵ Membership in Audit Committee, Remuneration Committee, Investor Grievance Committee and Corporate Social Responsibility only considered.



Audit Committee:

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

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

The Committee consists of the following Directors:

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

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

Name of the Director	30 th May, 2017	14 th September, 2017	14 th December, 2017	14 th February, 2018
Richard Gall	Yes	Yes	Yes	Yes
Asif Khader	Yes	Yes	Yes	Yes
Dr. Peter Ryser	Yes	Yes	Yes	Yes

The Statutory Auditors attended all the meetings.

Stakeholders Relationship Committee:

The Company has a Shareholder Grievance Committee constituted as per Section 178 of the Companies Act, 2013 and as per requirements under Clause 49 of the Listing Agreement, to look into the grievances of investors. This Committee consists of Smt. Akthar Begum, Mr. Asif Khader and Mr. Mueed Khader. There were no unresolved grievances from the investors / shareholders as on March 31, 2018.

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

Nomination and Remuneration Committee:

The Board has constituted a 'Nomination and Remuneration Committee' under the provisions of Section 178 of the Companies Act, 2013 to finalize and propose the remuneration for Whole time Directors and Managing Director and to formulate policies for nomination and evaluation of key personnel. The committee consists of Mr. Richard Gall, Smt. Akthar Begum and Dr. Peter Ryser. The committee met on 14th September, 2017 to consider terms to the Whole-time Directors and Managing Director. All the committee members were present for the meeting and no changes were proposed to the terms of remuneration. The Company pays remuneration by way of salary, perquisites and allowances and a commission to the Whole-time Directors and Managing Director.

For Non-Executive Directors

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

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

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

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

The CSR activities of the Company are focussed in the areas of Education, Healthcare, Environment and Community Development. The CSR Activities undertaken by the Company are in line with the CSR Policy and recommendation of the CSR Committee comprising of Mr. Mueed Khader, Mr. Asif Khader and Mr. Richard Gall. Since there has been no profit declared by the Company, there has been no expenditure on CSR activities in the Financial Year 2017-18.

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
30 th September, 2015	10:30 am	Shri Devaraj Urs Bhavan, No. 16-D, Millers Tank Bund Area, Vasanthanagar, Bangalore - 560052	-NIL-
29 th September, 2016	10:30 am	Orchid Hall, Hotel Ramada Bangalore No. 11, park Road, Near Indian Express, Bangalore - 560051	Approval for giving loans Guaranctees, Security and investments
28 th September, 2017	10:30 am	Orchid Hall, Hotel Ramada Bangalore No. 11, park Road, Near Indian Express, Bangalore - 560051	-NIL-

For AGM 2018, the Company does not have any proposal for postal ballot.

Disclosure:

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

Insider Trading:

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a code of conduct for prevention of insider trading and the required disclosure practices.

In addition, the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information has been formulated by the Board of Directors and is available on the website of the Company for download.

Whistle Blower mechanism:

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

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

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

**Means of Communication:**

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

GENERAL SHAREHOLDER INFORMATION

A	33rd Annual General Meeting	
	Date and Time	27th September, 2018 at 10:30 AM
	Venue	Oleander hall, Iris Hotel, # 70, Brigade Road, Bangalore-560025
B	Financial Calendar	
	Audited Annual Results - FY 2017-18	30th May, 2018
	Unaudited results for the quarter ending June 30, 2018	14th August, 2018
	Unaudited results for the quarter ending September 30, 2018	Second week of November, 2018
	Unaudited results for the quarter ending December 31, 2018	Second week of February, 2019
	Audited Annual Results - FY 2018-19	Last week of May, 2019
C	Book closure date	22nd September, 2018 to 27th September, 2018
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	
	The Listing Fee has been paid to the Stock Exchange	
F	Website of the Company	www.cranessoftware.com
G	Registrar and Transfer Agents	M/s Integrated Registry Management Services Private Ltd., No.30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003
H	Demat ISIN Number allotted to the Company	INE234B01023

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

SHARE PRICE DATA:

The Share price data on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) during the financial year 2017-18 is given below:

**BSE INDIA MARKET PRICE**

Month	Open Price	Close Price
April 2017	1.67	1.3
May 2017	1.45	1.17
June 2017	1.24	0.84
July 2017	1.02	0.84
August 2017	1.19	0.92
September 2017	1.62	1.05
October 2017	1.50	1.05
November 2017	1.64	1.18
December 2017	3.87	1.33
January 2018	6.52	4.06
February 2018	4.78	3.40
March 2018	4.09	2.35

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.

VOLUNTARY DELISTING OF EQUITY SHARES FROM THE NSE:

Pursuant to approval of the Board of Directors at its meeting held on July 10, 2018, the Company had filed application for voluntary delisting of Company's equity shares from the NSE on July 19, 2018 in terms of regulation 6 and 7 of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("SEBI Delisting Regulations") which was approved by NSE vide its circular no. NSE/LIST/55769 dated July 31, 2018 pursuant to which NSE has withdrawn (delisted) the admission to dealing in securities of the Company w.e.f. August 8, 2018.

The Equity Shares of the Company will continue to remain listed on BSE having nationwide terminals and the shareholders of the Company shall continue to avail the benefits of listing and trading on BSE.

In this regard, the Company has made necessary disclosures required under SEBI Delisting Regulations and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the BSE and NSE.

REGISTRAR & TRANSFER AGENTS:

Share Transfer work is being done by M/s Integrated Registry Management Services Private Ltd., No.30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003 who are SEBI registered Registrars & Transfer Agents for both physical and demat shares.

SHARE TRANSFER SYSTEM:

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

SECRETARIAL AUDIT:

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

COMPLIANCE WITH CORPORATE GOVERNANCE NORMS:

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

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

The Company has complied with most mandatory requirements of Corporate Governance norms as enumerated in



Clause 49 of the Listing Agreements with stock exchanges. The Company has obtained a certificate from the statutory auditors of the Company regarding compliance with the other provisions of the above clause and the same is attached hereto.

Distribution of Shareholdings as on March 31, 2018:

Shares holding (1)	Share holders		Shares		
	Number (2)	% to Total (3)	(4)	% to Total (5)	
upto 500		20,841	62.58	4,505,717	3.83
501	1,000	5,166	15.51	4,458,652	3.79
1,001	2,000	3,202	9.61	5,160,599	4.38
2,001	3,000	1,237	3.71	3,265,375	2.77
3,001	4,000	606	1.82	2,242,550	1.90
4,001	5,000	583	1.75	2,796,813	2.37
5,001	10,000	857	2.57	6,486,924	5.51
10001 & above		812	2.44	88,850,220	75.45
		33,304	100.00	117,766,850	100.00

Pattern of Share Holding as on March 31, 2018:

Particulars	No. of Shareholders	No. of Shares	% to total
Promoter	10	7,519,000	6.38
Banks	3	16,584,356	14.08
Insurance Companies	0	0	0.00
Foreign Portfolio Investors	1	1	0.00
Bodies Corporate	290	20,336,715	17.27
Resident	32,632	65,138,611	55.31
Trust	3	4,500	0.00
Clearing Members	104	794,013	0.67
Foreign Nationals	1	16,071	0.01
NRI	260	7,373,583	6.26
Total	33,304	117,766,850	100.00

DEMATERIALISATION OF SHARES:

The Company has entered into necessary agreements with NSDL & CDSL for dematerialization of shares held by investors. As of March 31, 2018 about 99.66% of the Company's shares are held in dematerialised form.

OFFICE LOCATIONS:

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

ADDRESS FOR COMMUNICATION:

- To the Company:
Mr. P. Phaneendra, Compliance Officer,
Cranes Software International Ltd.
2, Taverekere, Bannerghatta Road, BTM Layout, 1st Stage, 1st Phase, Bangalore - 560 029.
- To the Registrar & Transfer Agent - for Share Transfers / Transmissions..etc
Mr. Vijay Gopal, Vice President
Integrated Registry Management Services Private Ltd.
No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003.



ANNEXURE II

COMPANY SECRETARY CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,
The members of Cranes Software International Limited,

We have examined the compliance of conditions of corporate Governance by CRANES SOFTWARE INTERNATIONAL LIMITED ('the Company'), for the year ended 31st march 2018, as stipulated under the relevant provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in regulation 15(2) of the Listing Regulations.

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

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

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

Place : Bangalore
Date : 3rd September, 2018

Name : Gnanesh M
ACS No : 40071
FCS No : 14849



ANNEXURE III

MANAGEMENT DISCUSSION & ANALYSIS REPORT (Annexure to Directors' Report)

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

Overview

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

Global Business Environment

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

In the IT sector, fundamental aspects of the business landscape continue to favour offshore outsourcing through the growing trend of global delivery, despite the recent political challenges caused by BREXIT and the upcoming US congressional elections this year. It will be a wait and watch game for most IT outsourcing companies this year despite early trends.

Cranes Software: Business Initiatives & Structure:

The Company has continued its focus on maintaining the stability and growth of its core businesses based on essential business transformation which leverages its legacy recognition, strengths and core competencies as well as its worldwide presence. In the year under review, the Company also continued to improve operational effectiveness, optimize costs and increase market reach across its businesses. These initiatives have positively impacted the current year business revenues and improved operating margins; with essential capital infusion and strategic leadership support, we believe the Company is now poised for significant evolution and growth.

Your Company Management has dedicated itself since the 2007-2008 global crisis leading to Cranes' dire financial difficulties, and particularly the past three years, to somehow protecting the interests of its stakeholders (including shareholders, employees and business partners) at all costs. Responsive debt-freeing and litigation-freeing actions on your behalf have included negotiated settlements to clear up a wide range of institutional debts and financial liabilities to employees, vendors and partners, as well as careful resolution of potentially back-breaking legal, statutory and compliance cases. Critical funding for this debt-free, litigation-free approach was secured by way of an angel investor who loaned hundreds of Crores in reliance upon the Cubeware, ETA and DSG foreign subsidiaries as pledged collateral; it is significant and fortunate for the Company that this timely infusion of funds kept your Company from shutting down to the huge detriment of its stakeholders. Despite the best planning and efforts of Management, Cranes' deep financial crisis lead to inability to settle these loans and the unavoidable pledge-based transfer of these subsidiaries' shares, as reflected in the Balance Sheets reported by your Company. Having somehow saved the overall Cranes parent business for its valued stakeholders through these continuing crises, Cranes Management is now dedicated to stabilizing and reviving the 'new' Cranes by adapting from its heavy-duty Enterprise Software, Business Intelligence & Engineering Technology structure and manpower staffing orientation and evolving to a nimble, Assets-Lite and IP-rich business targeting its core strengths in the Technology/Industry education and training arenas.

On a standalone basis, the Company's Cranes Varsity division has reinforced its position in the training and education market. Some of the highlights this year are as follows:

Corporate:

1. Serving Indian Naval Academy for Matlab related Trainings.



2. Major tie up with BEL Academy of Excellence through which can reach all BEL units PAN India for delivering Technology Trainings.
3. Exploring Big Data Analytics, IoT, Software Testing training market which has huge market demand.
4. Delivered 16 Batches of training on MATLAB for Defence Institute of Advanced Technology (DIAT).

Academia:

1. Conducted Workshops in more than 15 colleges and trained 1400+ undergraduate & postgraduate students.
2. Successfully executed 25+ academic projects which were well received by students and colleges.
3. Conducted Placement Oriented Program (POP) in Oxford College of Engineering-Bangalore, Techno India NJR Institute of Technology-Rajasthan, Centurion University-Odisha, Er. Perumal Manimekalai College of Engineering-Tamil Nadu, KVG college of engineering-Karnataka.

Retail Training:

1. Launched trainings program on VLSI, IoT and BigData Analytics.
2. Trained 800+ students for the year.
3. Issued customized Hardware ARM boards (LPC 2129) for self learning to students.
4. Introduced online module test for in-house students.

Placements:

1. Major clients for Placements –Tata Elxsi, VeriFone, L&T Technology Services, American Megatrends, Continental Automotive, Mindtree, Harman, Robert Bosch, Safran Engineering, Sasken, MYMO Wireless.
2. New Clients – HCL, Mahindra Electric, Renault Nissan, Rockwell Collins, Siemens.
3. Placement statistics – 78%.

During the year, your Company, on a standalone basis, achieved a Sales and Operating Revenue of Rs. 845 million, increase from Rs. 293 million. The after tax position was a loss of Rs. 752 million, on Standalone basis, as compared to loss of Rs 725 million in the previous year.

On a consolidated basis, during the year, your Company together with its subsidiaries achieved a Sales and Operating Revenue of Rs. 2634 million, down from Rs. 3479 million of the previous year.

As noted above, the Company is also focused on improving its balance sheet position. Active discussions with secured and unsecured lenders for restructuring / closure of debts have yielded debt closure agreements with most of its institutional vendors as well as FCCB holders. We also continue to pursue various approaches to sustained operational profitability and reduced debt exposure.

Opportunities & Threats

Moving from the complexity, bulk and market/geographic breadths of its prior Enterprise Software, Business Intelligence & Engineering Technology structure and orientation, your Management sees opportunities in evolving to a nimble, Assets-Lite and IP-rich business targeting its core strengths in the Technology/Industry education and training arenas..

Although the organization witnessed financial downside, in the year under review, it has managed to maintain organization sustainability and operational efficiencies. The Company is today prepared to leverage its expertise, experience and domain knowledge in the fields of Vocational Training suited to the needs of emerging Technology, Digital Domains and Industry demands. The Company's balance sheet has been strongly cleared of secured and unsecured debts. As indicated above, with capital infusion from an angel investor, the Company has already secured favorable settlement options with a large set of secured lenders and is confident of closing up one-time settlements with the last of such debtors. Although there remains a risk of detrimental developments in pending litigation brought by CSIL's FCCB holders and ongoing regulatory actions being defended actively by the Company, the Management is actively pursuing a mutually-satisfactorily resolution to these cases and remains hopeful of emerging in 2019 as a debt-free, litigation-free lean and new business which will deliver value once again for its valuable and trusting stakeholders.



Risk Management

The Company has developed and adopted a Risk Management Policy. This policy identifies all perceived risks which might impact the operations and on a more serious level also threaten the existence of the Company. The Company has laid down well-structured procedures for monitoring the risk management plan and implementing the risk mitigation measures. The strategic risks are taken into consideration in the annual planning process and these risks together with their mitigation plan are subject to review by the management on a regular basis. The business processes risks and the related controls would be subjected to internal audit and reviewed on a regular basis.

Human Resources

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

Internal Control Systems

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

Safe Harbor

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

**ANNEXURE IV**

Form No. MGT-9

EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31/03/2018**

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L05190KA1984PLC031621
- ii) Registration Date : 22/10/1984
- iii) Name of the Company : CRANES SOFTWARE INTERNATIONAL LIMITED
- iv) Category/Sub-Category of the Company : Company Limited by Shares
- v) Address of the Registered office and contact details : 2, TAVAREKERE, BANNERGHATTA ROAD 1ST PHASE, 1ST STAGE, BTM LAYOUT, BANGALORE - 560 029
Karnataka, India
Ph: 080 - 6764 4848
Fax: 080 - 6764 4888
Website : www.cranessoftware.com
- vi) Whether listed company : Yes
- vii) Name and Address of Registrar & Transfer Agents (RTA) : M/s Integrated Registry Management Services Pvt. Ltd.
(formerly known as Alpha Systems Pvt Ltd - since merged),
No.30 Ramana Residency, 4th Cross, Sampige Road,
Malleswaram Bangalore - 560 003 (Karnataka)
Ph: 080 - 2346 0815
Fax: 080 - 23460819
Email : irg@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products / Services	NIC code of the product / Service	% to total turnover of the company
1	Software Services	8922	100%



III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Following are the subsidiary companies of Cranes Software International Ltd.

Sl. No.	Name & Address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares	held Applicable Section
1	SYSTAT SOFTWARE ASIA PACIFIC LIMITED	U72900KA2001PLC02965	SUBSIDIARY	100	2 (87)
2.	PROLAND SOFTWARE PRIVATE LIMITED	U72200KA1991PTC01205	SUBSIDIARY	100	2 (87)
3.	TILAK AUTOTECH PRIVATE LIMITED	U31909MH1994PTC081427	SUBSIDIARY	100	2 (87)
4.	CARAVEL INFO SYSTEM PRIVATE LIMITED	U72100KA1998PTC023805	SUBSIDIARY	100	2 (87)
5.	ANALYTIX SYSTEMS PRIVATE LIMITED	U72200KA1997PTC023011	SUBSIDIARY	100	2 (87)
6.	ESQUBE COMMUNICATION SOLUTIONS PRIVATE LIMITED	U72200KA2002PTC031317	SUBSIDIARY	76	2 (87)
7.	CRANES VARSITY PRIVATE LIMITED	U72900KA2017PTC105668	SUBSIDIARY	76	2 (87)
8.	SYSTAT SOFTWARE INC., USA		SUBSIDIARY	100	2 (87)
9.	CRANES SOFTWARE INC. USA.		SUBSIDIARY	100	2 (87)
10.	SYSTAT SOFTWARE GMBH, GERMANY		SUBSIDIARY	100	2 (87)
11.	CRANES SOFTWARE INTERNATIONAL PTE. LTD., SINGAPORE		SUBSIDIARY	100	2 (87)

IV. SHAREHOLDING PATTERN

(A) Equity share capital breakup as percentage of Total Equity

Category of Shareholders	No. of Shares held at the beginning of the year - 01.04.2017				No. of Shares held at the end of the year - 31.03.2018				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/HUF	1468800	-	1468800	1.25	1468800	-	1468800	1.25	-	-
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	6050200	-	6050200	5.14	6050200	-	6050200	5.14	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	7519000	-	7519000	6.38	7519000	-	7519000	6.38		-
(2) Foreign										
a) NRI- Individuals	-	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-		-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	7519000	-	7519000	6.38	7519000	-	7519000	6.38		-
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b) Banks/FI	16584356	-	16584356	14.08	16584356	-	16584356	14.08	0.00	-
C) Cenntal govt	-	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	829999	-	829999	0.70	-	-	-	-	-	-0.70
g) FIIS	-	-	-	-	1	-	1	0.00	-	0.00



"h) Foreign Venture Capital Funds"	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	17414355	-	17414355	14.79	16584357	-	16584357	14.08		-0.71
(2) Non Institutions										
a) Bodies corporates										
i) Indian	20800361	-	20800361	17.66	20336715	-	20336715	17.27		-0.39
ii) Overseas	-	-	-	-	-	-	-	-		-
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	41423917	34136	41458053	35.20	43950354	34136	43984490	37.35		2.15
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	21825178	368000	22193178	18.85	20786121	368000	21154121	17.96		-0.89
c) Others (specify)										
Foreign Nationals	-	-	-	0.00	16071	-	16071	0.01		0.01
NRI	7880240	-	7880240	6.69	7373583	-	7373583	6.26		-0.43
Clearing Member	497662	-	497662	0.42	794013	-	794013	0.67		0.25
Trust	4000	-	4000	0.00	4500	-	4500	0.00		0.00
SUB TOTAL (B)(2):	92431359	402136	92833495	78.83	93261357	402136	93663493	79.52		0.69
Total Public Shareholding (B)= (B)(1)+(B)(2)"	109845714	402136	110247850	93.62	109845714	402136	110247850	93.62		-
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A+B+C)	117364714	402136	117766850	100.00	117364714	402136	117766850	100.00		-



(B) i SHARE HOLDING OF PROMOTERS

SI No.	Shareholders Name	Shareholding at the beginning of the year - 01.04.2017			Shareholding at the end of the year - 31.03.2018			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	MUKKARAM JAN	465300	0.40	-	465300	0.40	-	-
2	MISBAH JAN	1000	0.00	-	1000	0.00	-	-
3	ASIF KHADER	1001500	0.85	-	1001500	0.85	-	-
4	MUEED KHADER	1000	0.00	-	1000	0.00	-	-
5	K AND J TELECOM PVT LTD	2008600	1.71	-	2008600	1.71	-	-
6	K AND J HOLDINGS PRIVATE LIMTIETED	1488000	1.26	-	1488000	1.26	-	-
7	JANSONS LAND AND PROPERTY DEVELOPMENT PRIVATELIMITED	494600	0.42	-	494600	0.42	-	-
8	SEA EQUITY ENTERPRISES PVT LTD	2000000	1.70	-	2000000	1.70	-	-
9	CRANES CONSULTING PRIVATED LIMITED	59000	0.05	-	59000	0.05	-	-
	Total	7519000	6.38	-	7519000	6.38	-	-



(B) ii CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.	Shareholders Name	Share holding at the beginning of the Year - 01.04.2017		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2018		Reason
		No. of Shares	% of total shares of the company				No of shares	% of total shares of the company	
1	MUKKARAM JAN	465300	0.40	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			465300	0.40	
2	MISBAH JAN	1000	0.00	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			1000	0.00	
3	ASIF KHADER	1001500	0.85	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			1001500	0.85	
4	MUEED KHADER	1000	0.00	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			1000	0.00	
5	K AND J TELECOM PVT LTD	2008600	1.71	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			2008600	1.71	
6	K AND J HOLDINGS PRIVATE LIMIED	1488000	1.26	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			1488000	1.26	
7	JANSONS LAND AND PROPERTY DEVELOPMENT PRIVATE LIMITED	494600	0.42	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			494600	0.42	
8	SEA EQUITY ENTERPRISES PVT LTD	2000000	1.70	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			2000000	1.70	
9	CRANES CONSULTING PRIVATED LIMITED	59000	0.05	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			59000	0.05	



(C) iii SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs and ADRs):



Sl. No.	Shareholders Name	Share holding at the beginning of the Year - 01.04.2017		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2018		Reason
		No. of Shares	% of total shares of the company				No of shares	% of total shares of the company	
1	IBC KNOWLEDGE PARK PRIVATE LIMITED	13135314	11.15	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			13135314	11.15	
2	BANK OF INDIA	11291723	9.59	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			11291723	9.59	
3	THE J AND K BANK LTD.	4999497	4.25	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			4999497	4.25	
4	PUKHRAJ KHATER	4068146	3.45	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			4068146	3.45	
5	YUNUS ZIA	3693106	3.14	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			3693106	3.14	
6	SYSTEMATIX FINCORP INDIA LIMITED	300000	0.25	01.04.2017			300000	0.25	
				30.06.2017	300000	TRANSFER	600000	0.51	
				07.07.2017	-300000	TRANSFER	300000	0.25	
				22.12.2017	707988	TRANSFER	1007988	0.86	
				05.01.2018	1003589	TRANSFER	2011577	1.71	
				25.01.2018	100000	TRANSFER	2111577	1.79	
				02.02.2018	100000	TRANSFER	2211577	1.88	
				31.03.2018		TRANSFER	2211577	1.88	
8	ZIAULLA SHERIFF	1945000	1.65	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			1945000	1.65	
9	MUSHTAQ AHMAD VAQIL	1509149	1.28	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			1509149	1.28	
10	HANURANG TRDING PVT. LTD.	1097182	0.93	01.04.2017		NO MOVEMENT DURING THE YEAR			
				31.03.2018			1097182	0.93	

**V. Indebtness: as at 31-03-2018 (including interest outstanding)**

Secured : NIL

Un-secured : 1,08,850.66 Lakhs

VI. Remuneration of Directors :

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

VII. Penalties / Punishments / Compounding of Offences.

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

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

**Bengaluru
14th August, 2018**

**CS P Phaneendra
Company Secretary**

ANNEXURE V

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



Sl. No.	Name	Designation/Nature of Duties	Remuneration Received [Rs.]	Qualification	Experience in years	Age in years Date of	commencement of employment	Last employment held
1	2	3	4	5	6	7	8	9

Notes;

- 28 ■ None of the employees earned salary more than prescribed amount during the year.



ANNEXURE VI

BOARD'S REPLY TO AUDITORS QUALIFICATIONS

Auditors Opinion	Management Response
<p>1. Attention of the members is invited to Note No. 6 of the Notes regarding recognition of deferred tax credit on account of unabsorbed losses and allowances aggregating to Rs.35,199.48 lakhs (year ended March 31, 2017 Rs. 34,517.47 lakhs). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Indian Accounting Standard 12.</p>	<p>Cranes Management is now dedicated to stabilizing and reviving the 'new' Cranes by evolving to a nimble, Assets-Lite and IP-rich business targeting its core strengths in the Technology/Industry education and training arenas. The Company expects to leverage the deferred tax credit as a 'recognized' asset against future taxable income.</p>
<p>2. Reference is drawn to note no. 4 of the Financial Statements regarding the amounts classified under "Fixed Assets" including "Intangible Assets Under Development" amounting to Rs. 5,042.44 lakhs. (year ended March 31, 2017 Rs. 22,458.78 lakhs) No evidence has been produced before us for testing its impairment and in the absence of the same, we are unable to express any opinion on the impairment to such asset. In our opinion, such test of impairment as on the date of Balance Sheet is mandatory, especially in view of the higher degree of the obsolescence of software which is stated to be under various stages of development, though no further developments have been carried out during the recent years.</p>	<p>As noted above, Cranes Management is now pursuing an Assets-Lite and IP-rich business targeting its core strengths in the Technology/ Industry education and training arenas. We expect to thoroughly reevaluate the company's legacy and new IP assets and the effect, if any, will be reflected in financial statements.</p>
<p>3. The appropriateness of the 'Going Concern' concept based on which the accounts have been prepared is interalia dependent on the Company's ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations.</p>	<p>The Management has put all possible efforts into resuming and maintaining normal operations by rescheduling of debts and meeting a wide range of its business obligations. Based on results to-date, we remain fully confident of being a 'Going Concern.</p>
<p>4. Redemption of Foreign currency convertible bond amounting to Rs. 29,085 lakhs (42 million Euros) to the holders of the bonds have fallen due during April 2011 and is yet to be redeemed as on the date of Balance Sheet. On a petition filed by the Foreign currency convertible bond holders, The Hon'ble High Court of Karnataka issued a winding up order against the company, which indicates the existence of material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. The company has obtained a stay against the operation of the winding up order issued by the Hon'ble High Court of Karnataka. However, the accounts have been prepared on a going concern basis.</p>	<p>The Company is continuing its efforts to comprehensively resolve the FCCB dispute. With a negotiated one-time settlement to be covered with timely funding, we remain hopeful of withdrawal of the winding-up petition so that interests of all stakeholders are protected.</p>

<p>5. a) <i>Term loans and working capital loans availed by the company from various banks amounting to Rs. 69,535.38 lakhs remain unpaid and are overdue since 2009.</i></p> <p>b) <i>Legal proceedings u/s.138 of the Negotiable Instruments Act has been initiated by the following Banks against the company.</i></p> <p>i. <i>State Bank of India (Formerly State of Travancore).</i></p> <p>ii. <i>Canara Bank</i></p> <p>iii. <i>Industrial Development Bank of India</i></p> <p>iv. <i>State Bank of India (Formerly State of Mysore)</i></p> <p>v. <i>Bank of India</i></p> <p><i>These Banks have filed cases before the Debt Recovery Tribunal (DRT) / Hon'ble Courts, etc for recovery of dues. These proceedings are in various stages of disposal before the "DRT" and respective Hon'ble Courts. Winding up petitions have been filed by Canara bank and Bank of India against the company, before the Hon'ble High Court of Karnataka for non-payment of principal and the accrued interest thereon.</i></p>	<p>The Company is progressing with its defense in these matters, while focusing on one-time settlements with both secured and unsecured creditors. Several important cases have been resolved with OTSs, including with major Banks, and final remaining ones are expected to be settled this way also.</p>
<p>6. <i>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.</i></p> <p><i>We would like to draw the attention of the members to note no. 31 of the financial statements regarding default of payments to various statutory authorities.</i></p>	
<p>7. <i>We draw attention to Note No. 39 of the standalone Ind AS Financial Statements regarding the investments (including receivables) made in wholly owned subsidiaries. As explained by the management, it being a long term and strategic investment, there is a reasonable certainty that there will be no diminution in the value of the investment and is confident of recovery of receivables and therefore no provisioning has been considered necessary.</i></p>	<p>These investments have proven valuable with respect to the foreign subsidiaries; our IP-related investments are for the long term and will be valuable as the Company now focuses on an evolved assets-Lite, IP-rich business approach tied to its basic strengths.</p>



ANNEXURE VII

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2018

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

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

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

Based on my verification of the Cranes Software International Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2018, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Cranes Software International Limited ("the Company") for the financial year ended on 31/03/2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder and I report that the **Company has not filed its Annual Return and the audited financials for the year ended, 31st March 2016 & 31st March 2017**, according to company officials and as disclosed under the caption "Company's Master Data", on the official portal of the Ministry of Corporate Affairs. The Company has been advised to file the same immediately;

The Company has cleared the Charges created by Charge ID 10156604, 10140911, 10132686, by but has failed to comply with the provisions of Section 82(1) and Rule 8 (1) of the Companies (Registration of Charges) Rules, 2014

- ii. According to the information provided by the officers, the Company is generally in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, I have not carried out a detailed audit of the Securities contracts (Regulation) Act, 1956 and other related prescribed regulations for want of adequate time.
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings [**Applicable only to the extent of Foreign Direct Investment and Overseas Direct Investment**];
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-



- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **[Not Applicable as Company has not issued any further share capital during the period under review]**
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not applicable as the Company has not issued and listed any debt securities during the financial year under review]**
- f. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **[Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the financial year under review]**
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **[Not applicable as there was no reportable event during the period under review]**

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange (BSE).
- iii. Delisting of shares in National Stock Exchange [NSE] has been applied by the Company as per the management, pursuant to the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and order dated July 31, 2018 for withdrawal of admission to dealings in equity shares has been issued by the NSE by reference number NSE/LIST/5569 and withdrawn (delisted) w.e.f August 8, 2018.
- iv. **Redemption of Foreign Currency Convertible Bond amounting to Rs. 29,085 lakhs to the holders of the Bond have fallen due during April 2011 and yet to be redeemed as on the report date. Subsequent petitions have been filed by the FCCB holders at High Court of Karnataka which could have a material impact on the state of affairs of the Company as the Hon'ble High Court of Karnataka has issued a winding up order against the Company. However the company has obtained a stay against the operations of winding up order issued by the Hon'ble High Court of Karnataka.**
- v. **The Payment of Gratuity Act, 1972 the Company has drawn and utilized an amount of Rs. 43.77 lakhs from CISL Employees Comprehensive Gratuity Trust' fund for the purpose not intended in terms of the act.**

During the period under review the Company has generally complied with the provisions of the Companies Act, 2013, Rules, Regulations, Guidelines, Standards, etc, mentioned above.

I further report that

The Board of Directors of the Company is duly constituted. The Board consists of three whole-time directors including the Managing Director and two non-whole-time directors and a Women Director.

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

The statutory formalities relating to the said appointment have to be fulfilled by the Company at the time of writing this report. The Company has been advised to complete prescribed statutory formalities in this regard immediately. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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



authentication of the documents have for video conferencing is not validated under Section 173 read with Rule 3 and Rule 4 of the Companies (Meeting of Board and its Powers) Rules, 2014.

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

I further report that, according to information provided to me based on review of compliance mechanism established by the Company and by the Company Secretary and taken on record by the Board of Directors at their Meeting(s), I am under opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. However, the same needs to be reviewed and improved upon for better control and compliance.

- As informed, the Company has responded appropriately to notices received from various statutory/regulatory authorities including actions for corrective measures, wherever found necessary.
- **The Company has responded to the petitions, summons issued by legal institutions under the laws of India. And further that claims to the extent of INR 906 Crores is pending with various legal institutions viz-a-viz High court of Karnataka (u/s. 434 of Companies Act, 1956), Metropolitan Court (u/s. 138 of the Negotiable Instruments Act, 1881), Debt recovery Tribunal (under Debt Recovery Act, 1993) & Special Court for Economic offenses [SEBI] which is disclosed in the Financial Statements by the Statutory Auditor.**
- **Term Loans and working capital Loans availed by the Company from various banks amounting to Rs. 69,535.38 lakhs, remain unpaid and overdue since 2009 and cases have been filed by the Banks at the DRT and High Courts respectively.**
- **The Balances in the Dividend accounts of Banks were utilized by the Company for Expenses. Transfer to IEPF, authenticity was not verified due to want of time.**

I further report that during audit period there was delisting in NSE which was applied for and no other specific actions having a major bearing on Company's affairs in pursuance of the above referred laws. Regulations, guidelines, standards, etc.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

1. *The Company has not filed/filed with delay following forms/returns required to be submitted with the Registrar of Companies.*
 - a. *MGT 7 – Annual Returns for Financial year 2015-16 has not been filed till date.*
 - b. *AOC 4 – Audit report and financial statements for financial year 2015-16 has not been filed till date.*
 - c. *MGT 7 – Annual Returns for Financial year 2016-17 has not been filed till date.*
 - d. *AOC 4 – Audit report and financial statements for financial year 2016-17 has not been filed till date.*
 - e. *MGT 14 for Declarations of Directors have not be filed with the Registrar of Companies has not been filed till date.*
 - f. *MGT 14 for filing of Board Resolution for adoption of financial Statements u/s. 179(3) of the Companies Act 2013.*
 - g. *MGT 14 for filing of appointment of Secretarial Auditor under section 204 of the Companies Act 2013.*
 - h. *MGT 14 for filing of appointment of Internal Auditor under section 138 of the Companies Act 2013.*



- i. MGT 15 Form pursuant to section 121 (1) of the Companies Act 2013 & rule 31 (2) of the Companies (Management and Administration) Rules, 2014 for filing Report on Annual General Meeting is not complied as on date for the financial year ended on 2016 & 2017.
- j. Non Compliance on Satisfaction of Charges - Filing of CHG 4 pursuant to section 82(1) of the Companies Act 2013 read with rule 8(1) of the Companies (Registration of Charges) Rule, 2014.

Based on the information provided to me by the Management, the below charges bearing the Charge ID are satisfied and not been filed with the Registrar of Companies Karnataka in respective form. The Company is advised to go for Condonation of Delay for the below charges pursuant to section 87 of the Companies Act, 2013.

No	Charge ID	Bank
1	10156604	THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD
2	10132686	
3	10025898	
4	90197047	THE JAMMU & KASHMIR BANK LTD.
5	80003118	
6	90197009	
7	10140911	INTERNATIONAL ASSET RECONSTRUCTION COMPANY PRIVATE LIMITED

- k. The Company has been advised to go for compounding and condonation of Delay wherever applicable.

Place : Bangalore
Date : 3rd September, 2018

Name : Gnanesh M
ACS No : 40071
FCS No : 14849



To,

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

I further report that during the audit period the company

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these Secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. I further report that, based on the information provided by the Company, its officers, authorized representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads / Company Secretary / Managing Director taken on record by the Board of the Company, in my opinion adequate systems and process and control mechanism exist in the Company to monitor compliance of general laws like labour laws & environmental laws and data protection policy. However, the systems need review and strengthening on a regular basis.
8. I further report that the compliance by the Company of applicable financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

**Place : Bangalore
Date : 3rd September, 2018**

**Name : Gnanesh M
ACS No : 40071
FCS No : 14849**



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

Our Secretarial Audit Report of even date, for the financial year 2017-18 is to be read along with this letter.

Management Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditors Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the company with respect to Secretarial Compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Whenever required, we have obtained management representation about the compliance of law, rules and regulations and happening of events etc.

Disclaimer

6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We have not verified the correctness and appropriateness of financial records and books of account of the Company.

Place : Bangalore
Date : 3rd September, 2018

Name : Gnanesh M
ACS No : 40071
FCS No : 14849



ANNEXURE VIII

FORM NO. AOC -2

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

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

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

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

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

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

Bengaluru
14th August, 2018

CS P Phaneendra
Company Secretary



INDEPENDENT AUDITOR'S REPORT

To the members of **CRANES SOFTWARE INTERNATIONAL LIMITED**

1. We have audited the accompanying standalone Ind AS financial statements of Cranes Software International Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Statement of Changes in Equity and the statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.
2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these standalone Ind AS Financial Statements based on our audit. In conduct of our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
4. We conducted our audit of the standalone Ind AS Financial Statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Basis for Qualified Opinion

7. The attached Balance Sheet as at 31st March, 2018 is drawn on the basis of the Principle of 'Going Concern'. We opine as follows in this connection :
 - 7.1 Attention of the members is invited to Note No. 6 of the Notes regarding recognition of deferred tax credit on account of unabsorbed losses and allowances aggregating to Rs.35,199.48lakhs (year ended March 31, 2017 Rs. 34,517.47lakhs). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Indian Accounting Standard 12.



- 7.2 Reference is drawn to note no. 4 of the Financial Statements regarding the amounts classified under “Fixed Assets” including “Intangible Assets Under Development” amounting to Rs. 5,042.44 lakhs (year ended March 31, 2017 Rs. 22,458.78 lakhs). No evidence has been produced before us for testing its impairment and in the absence of the same, we are unable to express any opinion on the impairment to such asset. In our opinion, such test of impairment as on the date of Balance Sheet is mandatory, especially in view of the higher degree of the obsolescence of software which is stated to be under various stages of development, though no further developments have been carried out during the recent years.
- 7.3 The appropriateness of the ‘Going Concern’ concept based on which the accounts have been prepared is interalia dependent on the Company’s ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations.
- 8 We further report that, except for the effect, if any, of the matters stated in paragraph 7.2 above, whose effect are not ascertainable, had the observation made in paragraph 7.1 above been considered, the loss after tax for the year ended March 31, 2018 would have been higher by Rs. 35,199.48 lakhs.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matters expressed in Basis for Qualified opinion and Emphasis of matter paragraph the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, its loss and the changes in equity and its cash flows for the year ended on that date.

Emphasis of Matter

1. Redemption of Foreign currency convertible bond amounting to Rs. 29,085 lakhs (42 million Euros) to the holders of the bonds have fallen due during April 2011 and is yet to be redeemed as on the date of Balance Sheet. On a petition filed by the Foreign currency convertible bond holders, The Hon’ble High Court of Karnataka issued a winding up order against the company, which indicates the existence of material uncertainty that may cast significant doubt on the company’s ability to continue as a going concern. The company has obtained a stay against the operation of the winding up order issued by the Hon’ble High Court of Karnataka. However, the accounts have been prepared on a going concern basis.
2.
 - a) Term loans and working capital loans availed by the company from various banks amounting to Rs. 69,535.38 lakhs remain unpaid and are overdue since 2009.
 - b) Legal proceedings u/s. 138 of the Negotiable Instruments Act has been initiated by the following Banks against the company.
 - i. State Bank of India (Formerly State Bank of Travancore).
 - ii. Canara Bank
 - iii. Industrial Development Bank of India
 - iv. State Bank of India (Formerly State Bank of Mysore)
 - v. Bank of India

These Banks have filed cases before the Debt Recovery Tribunal (DRT) / Hon’ble Courts, etc for recovery of dues. These proceedings are in various stages of disposal before the “DRT” and respective Hon’ble Courts. Winding up petitions have been filed by Canara bank and Bank of India against the company, before the Hon’ble High Court of Karnataka for non-payment of principal and the accrued interest thereon.

3. In our opinion the securities provided to Banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet.
4. We would like to draw the attention of the members to note no. 31 of the financial statements regarding default of payments to various statutory authorities.



5. We draw attention to Note No. 39 of the standalone Ind AS Financial Statements regarding the investments (including receivables) made in wholly owned subsidiaries. As explained by the management, it being a long term and strategic investment, there is a reasonable certainty that there will be no diminution in the value of the investment and is confident of recovery of receivables and therefore no provisioning has been considered necessary. The details of investments (including receivables) in subsidiaries are as under :

(Rs in Lakhs)

SI No.	Name of the Subsidiary	Amount
1	Esqube Communication Solutions	188.76
2	Cranes Software International Pte Limited	1,525.99
3	Systat Software UK Ltd	689.31
4	Proland Software Private Limited	462.81
5	Systat Software Gmbh	224.40
6	Systat Software Inc.(Net of Provision)	11577.22
7	Tilak Auto Tech Private Limited	163.81
8	Caravel Info System Private Limited	1.53
	Total	14,833.83

6. The company had invested in the below mentioned wholly owned subsidiaries. Due to the cumulative losses in the subsidiaries, the value of investment is eroded.

(Rs in Lakhs)

SI No.	Name of the Subsidiary	Investment	Shareholder Funds
1	Esqube Communication Solutions Pvt Ltd	179.78	(12.22)
2	Proland Software Pvt Ltd	318.89	(643.84)
3	Tilak Auto Tech Private Limited	51.62	(144.11)
4	Systat Software Inc. USA	1,851.18	(6,132.39)
5	Cranes Software International Pte Limited	44.31	(575.23)
6	Caravel Info System Private Limited	362.33	(381.48)
	TOTAL	2,445.78	(7,889.27)

The company has not provided for diminution / impairment in the value of its investments in the above wholly owned subsidiaries, as required by the IND AS-36.

7. The company has provided for doubtful debts of Rs 1,279.80 lakhs during the year, towards due from a subsidiary.
8. Loan availed by the company from 'UPS Capital Business Credit' amounting to Rs 601.51 lakhs remains unpaid and is overdue since April 2014.
9. The banks which had extended financial facilities to the company have treated the outstanding from the company as "Non-Performing Assets" since 2009. In order to achieve the desired congruency on this issue, the Company has also not provided for interest amounting to Rs. 10,446.77 lakhs on such outstanding amounts for the year ended 31st March, 2018 due to various banks, though the confirmation of such dues were not made available to us from the respective banks/financial institutions. Had the said interest been provided in the books in the normal course, the present loss for the year ended 31st March 2018 would have been higher by Rs. 10,446.77 lakhs.
10. The management is in negotiation with the Foreign currency convertible bond holders for settling its dues. The management is of the view that the liability of Rs. 38,695 lakhs (including interest amounting to Rs. 9,610 lakhs) reflected in the financial statements will adequately cover its liability on settlement of dues



with the Foreign currency convertible bond holders and therefore no provision for interest is provided for the year ended 31st March 2018. Had such interest been provided in the books in the normal course, the present loss for the year ended 31st March 2018 would have been higher by Rs. 1,625.30 lakhs.

11. In continuation to the point no. 10 above, the company has also discontinued the restatement of the Exchange fluctuation gain / loss on account of the outstanding due towards Foreign currency convertible bond and the interest due thereon, in line with the IND AS-21 "The Effects of Changes in Foreign Exchange Rates". Had such restatement of liability been made in the books in the normal course, the present loss for the year ended 31st March 2018 would have been higher by Rs. 3,420.52 lakhs.
12. The balances which were available in the dividend accounts of banks were utilized by the company for expenses.
13. The management is of the opinion that the all assets, investments have atleast the value as stated in the Balance Sheet, if realised in the ordinary course of business.
14. We further draw attention on the following non-compliances under the Companies Act, 2013 and rules thereon
 - a. Non-appointment of Chief Financial Officer as required under section 203 of the said Act.
 - b. The Company has drawn and utilised an amount Rs. 43.77 lakhs from the 'CSIL Employees Comprehensive Gratuity Trust' fund for the purpose not intended in terms of 'The Payment of Gratuity Act, 1972'. (See note No. 16 of the Financial Statements).

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

Other Matter

Corresponding figures for the year ended 31st March 2017 have been audited by another auditor who expressed a qualified opinion dated 30th May 2017 on the standalone Ind AS financial statements of the Company for the year ended 31 March 2017.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, except for the matters expressed in paras 7.1 and 7.2 of the Basis for Qualified opinion, the aforesaid standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) In our opinion, the qualifications and matters specified in the "Emphasis of Matter" paragraph, may have an adverse effect on the functioning of the Company.
 - (f) Four Directors out of six Directors of the company are directors of other companies which has not filed its annual return with the Registrar of Companies for a period of more than 3 years as on the date of Balance Sheet, leading to non-compliance and disqualification from being appointed as a Director. The Registrar of the Companies Karnataka had ordered for removal of directors in terms of Section 164(2) of



the Companies Act, 2013. However, in case of the rest two directors, on the basis of the written representations received as on 31st March, 2018 taken on record by the Board of Directors, the directors are not disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 31 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. The Company has not transferred an amount of Rs. 7.21 Lakhs, which is required to be transferred to the Investor Education and Protection Fund.
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018.

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

TIMMAYYA HEGDE
Partner
Membership No. 226267

Bengaluru
May 30th, 2018



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in our Independent Auditor's report to the members of **Cranes Software International Limited** ('the Company') on the standalone financial statements for the year ended on 31st March 2018.

We report that:

- i)
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.
- ii) In our opinion and according to the information and explanations given to us, the management has conducted the physical verification of inventory at reasonable intervals during the year under review and no material discrepancies were noticed on such physical verification.
- iii) The Company has in the past granted interest free loans to its subsidiary companies covered in the register maintained under section 189 of the Companies Act, 2013. However, the Company has not granted any loan, secured or unsecured, to firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
 - (a) The terms and conditions of the grant of such loans are not prejudicial to the company's interest.
 - (b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, paragraph 3(iii)(b) of the Order is not applicable to the Company in respect of repayment of the principal amount.
 - (c) There are no overdue amounts of more than ninety days in respect of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loan and investments made.
- v) The Company has not raised any deposits from public as covered by provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- vii)
 - (a) On Examination of the books of accounts and other records of the Company we report that the company has defaulted in depositing its undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees' state Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Customs duty, and Cess with the appropriate authorities. The following statutory liabilities are pending for payment for a period of more than six months from the date they became payable:

(Rs. In Lakhs)

Name of the Statute	Nature of dues	Amount to be paid
Employee's Provident Fund & Miscellaneous Provision Act	Provident Fund	20.65
Commercial Taxes Act	Professional Tax	1.35
Employees State Insurance Act	ESI	6.97
Income Tax Act	Withholding Taxes	280.51
Service Tax	Service Tax	260.07
Commercial Taxes Act	Sales Tax/Value Added Tax	84.25
Goods & Service Tax	Goods & Service Tax	18.78
Income Tax Act	Self Assessment Tax	522.23
Wealth Tax Act	Wealth Tax	0.45
Income Tax Act	Dividend Distribution Tax	273.88
Investor Education Protection Fund	Unclaimed Dividend	7.21

- (b) According to the information and explanations given to us, there are no disputed amounts as at 31st March 2018 in respect of Provident Fund, Employees' state Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Wealth Tax, Customs duty, and Cess and other applicable statutory dues with the exception of the following:

(Rs. In Lakhs)

Name of the statute	Nature of dues	Amount	Period to which amount relates	Forum where dispute is pending
Chapter V of the Finance Act, 1994	Service Tax	756.02	2004-05 to 2007-08	Customs, Excise and Service Tax Appellate Tribunal
Chapter V of the Finance Act, 1994	Service Tax 2012-13	1,261.00	2008-09 to	Commissioner, Service Tax, Bangalore
The Employees Provident Fund and Miscellaneous Provisions Act, 1972	Employer and Employee Provident Fund	77.26	1996-1997 to 2014-15	Assistant / Regional Provident Fund Commissioner
The Foreign Exchange Regulation Act, 1999	Penalty for contravention of section 42(1) of the FEMA, 1999	50.00	2006	Director, Directorate of Enforcement.



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

(Rs. In Lakhs)

Name of the Banks & financial institutions	Amount of default (including accrued interest)	Period of Default
Bank of India	41,602.00	From 2009 to Till Date
Canara Bank	9,203.58	From 2009 to Till Date
Industrial Development Bank of India	6,281.23	From 2009 to Till Date
State Bank of India (Formerly State Bank of Mysore)	5,429.96	From 2009 to Till Date
State Bank of India (Formerly State Bank of Travancore)	7,018.61	From 2009 to Till Date

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

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

TIMMAYYA HEGDE
Partner
Membership No.226267

Bangalore
30th May, 2018



ANNEXURE - B TO THE AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **Cranes Software International Limited** ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;



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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified Opinion

In our opinion, subject to the qualifications and the matters specified in the 'Emphasis of Matter' paragraph as appearing in our Independent Auditor's Report of even date, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

TIMMAYYA HEGDE
Partner
Membership No.226267

Bangalore
30th May, 2018



CIN : L05190KA1984PLC031621

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

PARTICULARS	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
I. ASSETS				
1 Non-current assets				
Property, plant and equipment	3	1,087.99	1,149.90	1,224.86
Intangible assets & Goodwill	4	-	5,981.29	7,142.66
Capital work in progress	5	5,042.44	22,458.78	22,458.78
Deferred Tax Asset (net)	6	35,199.48	34,517.47	31,000.89
Financial assets				
Investments	7	8,010.18	8,009.18	8,009.18
Other non-current assets	8	6,040.01	12,914.46	20,407.48
Total non-current assets		55,380.09	85,031.09	90,243.86
2 Current assets				
Inventories	9	-	40.01	44.74
Financial assets				
Trade receivables	10	10,190.40	9,782.10	9,688.88
Cash and cash equivalents	11A	5.48	6.25	5.46
Other Bank Balances	11B	24.82	50.20	57.72
Other Current assets	12	226.40	243.58	212.08
Total current assets		10,447.10	10,122.13	10,008.87
Total Assets		65,827.19	95,153.22	100,252.73
II EQUITY AND LIABILITIES				
1. Equity				
Equity share capital	13	2,355.34	2,355.34	2,355.34
Other equity	14	(59,362.71)	(51,739.82)	(44,489.41)
Total equity		(57,007.37)	(49,384.48)	(42,134.08)
2. Liabilities				
Non-current liabilities				
Provisions	15	6.66	12.77	17.01
Total non-current liabilities		6.66	12.77	17.01
Current liabilities				
Financial liabilities				
Borrowings	16	43.78	43.78	43.78
Trade payables	17	497.44	481.34	589.81
Other current liabilities	18	122,112.68	143,930.29	141,650.54
Provisions	19	174.01	69.54	85.67
Total current liabilities		122,827.90	144,524.94	142,369.80
Total liabilities		122,834.56	144,537.71	142,386.81
Total Equity and Liabilities		65,827.19	95,153.22	100,252.73

The significant accounting policies and the accompanying notes form an integral part of the financial statements

As per our report of even date attached
For M/s. Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration No. 013367S

For and on behalf of the Board

Timmayya Hegde
Partner
Membership No. 226267

Asif Khader
Managing Director
DIN : 00104893

Mueed Khader
Director
DIN : 00106674

P. Phaneendra
Company Secretary

Place: Bangalore
Date: May 30, 2018

Place: Bangalore
Date: May 30, 2018



STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2018 CIN : L05190KA1984PLC031621

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

PARTICULARS	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Continuing Operations			
A Income			
Revenue from operations	20	785.85	780.47
Other income	21	7,662.60	2,149.49
Total income		8,448.44	2,929.97
B Expenses			
Purchase of stock-in-trade - Traded goods		5.17	0.73
Changes in inventories of finished goods	22	40.01	4.73
Employee Benefits Expense	23	304.08	300.89
Finance costs	24	51.43	11,968.80
Depreciation and amortisation expense	4	64.68	1,236.33
Other expenses	25	16,185.02	180.97
Total expenses		16,650.39	13,692.45
C Profit / (Loss) before exceptional items and tax		(8,201.95)	(10,762.49)
Exceptional items		-	(4.50)
D Profit/ (Loss) before tax from continuing operations		(8,201.95)	(10,766.99)
Income tax expense	26	-	-
Income tax relating to earlier years		-	-
Deferred tax charge/ (credit) relating to earlier years		(682.01)	(3,516.58)
Profit / (Loss) for the year		(7,519.94)	(7,250.41)
E Other comprehensive income		-	-
Other comprehensive income / Expenses for the year, net of tax		-	-
Total comprehensive income for the year		(7,519.94)	(7,250.41)
Earnings per share	27		
Basic earnings per share		(6.39)	(6.16)
Diluted earnings per share		(6.39)	(6.16)

The significant accounting policies and the accompanying notes form an integral part of the financial statements

As per our report of even date attached
For M/s. Sethia Prabhad Hegde & Co
 Chartered Accountants
 Firm Registration No. 013367S

For and on behalf of the Board

Timmayya Hegde
 Partner
 Membership No. 226267

Asif Khader
 Managing Director
 DIN : 00104893

Mueed Khader
 Director
 DIN : 00106674

P. Phaneendra
 Company Secretary

Place: Bangalore
 Date: May 30, 2018

Place: Bangalore
 Date: May 30, 2018



STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018 CIN : L05190KA1984PLC031621

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Cash Flow From Operating Activities		
Profit / (Loss) before income tax	(8,201.95)	(10,766.99)
Adjustments for		
Depreciation and amortisation expense	64.68	1,236.33
Foreign Exchange Loss/(Gain) (Net)	(211.55)	(2,071.95)
Interest received	(0.73)	(0.70)
Finance costs		
	(8,349.54)	(11,603.31)
Change in operating assets and liabilities		
(Increase) / decrease in inventories	40.01	4.73
(Increase) / decrease in trade receivables	(311.46)	(1,476.59)
(Increase) / decrease in Other non-current assets	6,921.39	7,689.06
(Increase) / decrease in Other assets	23.88	(25.73)
Increase / (decrease) in provisions and other liabilities	(21,754.34)	5,497.10
Increase / (decrease) in trade payables	16.03	(86.92)
Cash generated from operations	(23,414.04)	(1.66)
Less : Income taxes paid (net of refunds)	(6.70)	(5.77)
Net cash from operating activities (A)	(23,420.74)	(7.43)
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(2.78)	-
Impairment of Intangible Asset under development	14,635.13	-
Proceeds from sale of Intangible Assets	8,762.51	-
(Purchase)/ disposal proceeds of Investments	(1.00)	-
Interest income	0.73	0.70
Net cash used in investing activities (B)	23,394.59	0.70
Cash Flows From Financing Activities		
Net cash from/ (used in) financing activities (C)		
Net decrease in cash and cash equivalents (A+B+C)	(26.15)	(6.73)
Cash and cash equivalents at the beginning of the financial year	56.45	63.18
Cash and cash equivalents at end of the year	30.30	56.45
Notes:		
1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".		
2. Components of cash and cash equivalents Balances with banks		
- in current accounts	5.23	3.81
- in deposit accounts	-	-
Others	24.82	50.20
Cash on hand	0.25	2.44
	30.30	56.45

As per our report of even date attached
For M/s. Sethia Prabhadr Hegde & Co
Chartered Accountants
Firm Registration No. 013367S

For and on behalf of the Board

Timmayya Hegde
Partner
Membership No. 226267

Asif Khader
Managing Director
DIN : 00104893

Mueed Khader
Director
DIN : 00106674

P. Phaneendra
Company Secretary

Place: Bangalore
Date: May 30, 2018

Place: Bangalore
Date: May 30, 2018



Standalone Statement of Changes in Equity for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

(A) Equity Share Capital

Balance at the beginning of April 1, 2016	2,355.34
Changes in equity share capital during the year	-
Balance at the end of March 31, 2017	2,355.34
Changes in equity share capital during the year	-
Balance at the end of March 31, 2018	2,355.34

(B) Other Equity

Particulars	General Reserve	Securities Premium Reserve	Capital Reserve	Retained Earnings	Total
Balance as at April 1, 2016	18,430.00	17,898.26	2,400.00	(83,217.68)	(44,489.41)
Transfer on account of Adjustment	-	-	-	-	-
Profit for the year	-	-	-	(7,250.41)	(7,250.41)
Balance as at March 31, 2017	18,430.00	17,898.26	2,400.00	(90,468.09)	(51,739.82)
Additions/ (deductions) during the year	-	-	-	-	-
Profit for the year	-	-	-	(7,519.94)	(7,519.94)
Transfer on account of Adjustment	-	-	-	(102.94)	(102.94)
Balance as at March 31, 2018	18,430.00	17,898.26	2,400.00	(98,090.97)	(59,362.71)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For M/s. Sethia Prabhad Hegde & Co
 Chartered Accountants
 Firm Registration No. 013367S

For and on behalf of the Board

Timmayya Hegde
 Partner
 Membership No. 226267

Asif Khader
 Managing Director
 DIN : 00104893

Mueed Khader
 Director
 DIN : 00106674

P. Phaneendra
 Company Secretary

Place: Bangalore
 Date: May 30, 2018

Place: Bangalore
 Date: May 30, 2018



NOTES forming part of financial statements

Significant Accounting Policies

1. CORPORATE INFORMATION

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 & PRESENTATION OF FINANCIAL STATEMENTS

a. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (India Accounting Standards) Amendment Rules, 2016 as applicable.

Upto the year ended March 31, 2017, the Company prepared and presented its financial statements in accordance with the Accounting Standards notified under section 133 of the Companies Act, 2013 (Indian GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

These are the Company's first Ind AS financial statements. The Company has adopted all applicable standards and the adoption was carried out in accordance with Ind AS 101 - 'First Time Adoption of Indian Accounting Standards'. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company are provided in Note no 38 - First Time Adoption. The date of transition to Ind AS is April 1, 2016.

b. Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair value at end of the each reporting period, as explained in the accounting policies below.

c. Use of judgement, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of financial statement and the reported amounts of income and expenditure during the reported year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.

The areas involving critical estimates or judgements are:

- i. **Depreciation and amortisation:** Depreciation and amortisation is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.
- ii. **Impairment testing:** Investments in subsidiaries, goodwill and intangible assets are tested for impairment annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use



of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

- iii. **Employee Benefits** : The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. Any changes in these assumptions will impact the carrying amount of obligations. The discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.
- iv. **Provision and contingencies** : Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the Balance Sheet date.
- v. **Expected credit losses on financial assets**: The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.
- vi. **Other estimates**: The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period.

The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

Fair valuation of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of forecast transaction.

- 2.2 **Functional and presentation currency** : The functional and presentation currency of the Company is Indian Rupee (₹). The functional currency of its Branches is as per its respective domicile currency.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Property, Plant and Equipment

On Transition : For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Subsequent to Transition:

Recognition & Measurement: Property, Plant and Equipment are carried at cost less accumulated depreciation / amortization and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses. Subsequent expenditure, if any, on property, plant and equipment after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

- b. **Capital work-in-progress** : Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.

**c. Depreciation/ Amortisation**

Depreciable amount for assets is the cost of asset less its estimated residual value.

Depreciation has been provided on buildings and plant and equipments on the straight line method as per the useful life prescribed in Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The Company assesses at each Balance Sheet date whether there is objective evidence that a asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

d. Intangible assets

On Transition - The Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Subsequent to Transition:

Recognition & Measurement: Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and impairment losses, if any.

Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period.

Computer software is amortized over a period of three years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of Profit and Loss when the asset is derecognized.

e. Financial Instruments

Financial assets : The Company classifies its financial assets in the following categories:

i. Financial assets at amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value which usually represents cost plus transaction costs and subsequently carried at amortised cost using the effective interest method, less impairment loss if any.

Financial assets at amortised cost are represented by trade receivables, security and other deposits, cash and cash equivalent, employee and other advances.

ii. Equity investments - Investment in subsidiaries are stated at cost less impairment loss if any.

iii. Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI) - For assets which are not held for trading purposes and where the company has exercised the option to classify the investment as at FVTOCI, all fair value changes on the investment are recognised in OCI. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

iv. Financial assets at Fair Value through Profit and loss (FVTPL) - Financial assets other than the equity investments and assets classified as FVTOCI are measured at FVTPL. These include surplus funds invested in mutual funds etc.



Financial liabilities

Initial recognition and measurement - Financial liabilities are measured at amortised cost using effective interest method. For trade and other payable maturing within one year from the Balance Sheet date, the carrying value approximates fair value due to short maturity.

Derivative financial instruments and hedging activities

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at a future date. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company enters into derivative contracts to hedge the risks asserted with currency fluctuations relating to firm commitments and highly probable transactions. The Company does not use derivative instruments for speculative purposes.

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income. The ineffective portion of changes in the fair value of the derivative is recognised in the Statement of Profit and Loss.

Amounts accumulated in hedging reserve are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss.

The full fair value of a hedging derivative is classified as a current/ non-current, asset or liability based on the remaining maturity of the hedged item.

When a hedging instrument expires, swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in Statement of Changes in Equity is recognised in the Statement of Profit and Loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Fair value measurement

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

- i) Level 1 - The fair value of financial instruments quoted in active markets is based on their quoted closing price at the Balance Sheet date.
- ii) Level 2 - The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.
- iii) Level 3 - The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the Company carries such instruments at cost less impairment, if applicable.

**f. Employee Benefits**

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, superannuation fund and compensated absences.

Provident Fund: Employees receive benefits from a provident fund, which is a defined benefit plan. The employer and employees each make periodic contributions to the plan. A portion of the contribution is made to the approved provident fund trust managed by the Trustees while the remainder of the contribution is made to the Government Administered Pension Fund. The contributions to the trust managed by the Company is accounted for as a defined contribution plan as the Company is liable for any shortfall in the fund assets based on the Government specified minimum rates of return.

Gratuity: The Company provides for Gratuity, a defined benefit plan covering the eligible employees. The Gratuity plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and tenure of the employment with the Company.

Liabilities with regard to the Gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using projected unit method. The Company fully contributes all ascertained liabilities to the trust managed by the Trustees. The Trustees administers the contributions made to the Trust. The fund's investments are managed by certain insurance companies as per the mandate provided to them by the trustees and the asset allocation is within the permissible limits prescribed in the insurance regulations.

Actuarial gains and losses are recognised in the Other comprehensive income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Superannuation Fund: Certain employees of the Company are participants in a defined contribution plan of superannuation. The Company has no further obligations to the plan beyond its monthly contributions which are periodically contributed to the Trust, the corpus of which is invested with the Life Insurance Company.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur, 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 service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.



g. Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on a best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

h. Income Taxes

Income tax comprises current and deferred tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items directly recognized in Equity or in Other Comprehensive Income.

- a) **Current income tax** - Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company off sets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.
- b) **Deferred tax** - Deferred income tax is recognized using the Balance Sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

i. Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the Statement of Profit and Loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

**j. Cash flow Statement:**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipt or payments and item of income or expense associated with investing or financing cash-flows. The cash flow from operating, investing and financing activities of the Company are segregated.

k. Revenue Recognition

The Company derives revenue primarily from Information Technology Services and Solutions. The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

a) Time and materials contracts

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

b) Fixed-price contracts

Revenues from fixed price contracts are recognised over the life of the contract using percentage of completion method, with contract costs determining the stage of completion at the end of the reporting period. Foreseeable losses on such contracts are recognised when probable.

c) Hardware/software products and licenses

Revenues from sale of product and licenses are recognised on transfer of significant risks and rewards of ownership to the buyers, which generally coincides with delivery where there is no customization required. In case of customization the same is recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

d) Maintenance Contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract using the "percentage-of- completion" method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

Revenues are reported net of GST and applicable discounts and allowances.

l. Borrowing Costs:

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

m. Foreign Currency transactions and translations

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit and Loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.



Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

n. Finance Income and expense

Finance income consists of interest income on funds invested, dividend income and gains on the disposal of FVTPL financial assets. Interest income is recognized as it accrues in the Statement of Profit and Loss, using the effective interest method.

Dividend income is recognized in the Statement of Profit and Loss on the date that the Company's right to receive payment is established.

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method.

o. Share based payments

Employees of the Company receive remuneration in the form of cash settled share based transaction, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The equity instruments are granted by the Employee Welfare Trust.

The expense is recognized in the Statement of Profit and Loss with a corresponding increase to the share based payment reserve, a component of equity.

The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization).

The fair value of the amount payable to the employees in respect of Stock Appreciation Rights (SAR), which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SAR plan. Any changes in the liability are recognized in Statement of Profit and Loss.

p. Impairment

a) Financial assets : In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss.

The Company assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company recognizes lifetime expected credit losses for all trade receivables and / or other contract assets that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ECL allowance (or reversal) is recognised as income / expense in the Statment of Profit and Loss.

b) Non-financial assets: The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.



The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

q. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of computing diluted earnings per share, profit / (loss) after tax (including the post tax effect of extraordinary items, if any) and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

r. Contingent Liabilities

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

s. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognize a contingent asset.

t. Research & development expenses

Research expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use.

u. Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

v. First-time adoption - mandatory exceptions, optional exemptions

The Standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended, read with relevant rules issued thereunder in terms of the SEBI LODR, as modified by Circular No CIR/CFD/FAC/62/2016 dated July 5, 2016.

For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the then applicable Accounting Standards in India ("previous GAAP"). The adoption of Ind AS was carried out in accordance with Ind AS 101, considering April 1, 2016 as the transition date. Pursuant to adoption of Ind AS, the differences in the carrying amounts of assets and liabilities on the transition date under the previous GAAP and the balances on adoption of Ind AS have been recognised directly in equity. The financial statements for the year ended March 31, 2018, March 31, 2017 and as at April 1, 2016 have been presented under Ind AS for comparative purposes. Accounting policies have been applied consistently to all periods presented in these Standalone Financial Results.



In preparing the opening Ind AS statement of financial position, adjustments are carried out to the amounts reported in financial statements prepared in accordance with previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in Note No 38.

w. New standards and interpretations not yet adopted

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the effect of this on the financial statements.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application - and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs. The standard is effective for annual periods beginning on or after April 1, 2018. The Company is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

3 Property, plant and equipment

Particulars	Buildings	Technical Books	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total
Cost as at March 31, 2016	947.12	1.01	642.50	717.74	1,248.31	191.48	3,748.17
Additions							
Disposals							
Cost as at March 31, 2017	947.12	1.01	642.50	717.74	1,248.31	191.48	3,748.17
Additions			1.96		0.82		2.78
Disposals							
Cost as at March 31, 2018	947.12	1.01	644.46	717.74	1,249.13	191.48	3,750.94
Depreciation/Amortisation							
Cost as at March 31, 2016	48.66	0.96	557.57	555.42	1,178.79	181.91	2,523.30
Charge for the year	11.10	-	18.70	43.68	1.49		74.96
On disposals						-	
As at March 31, 2017	59.76	0.96	576.27	599.10	1,180.27	181.91	2,598.27
Charge for the year	11.10	-	17.88	35.63	0.08		64.68
On disposals							
As at March 31, 2018	70.86	0.96	594.14	634.73	1,180.35	181.91	2,662.95
Net Block							
As at April 1, 2016	898.46	0.05	84.94	162.32	69.52	9.57	1,224.86
As at March 31, 2017	887.36	0.05	66.23	118.64	68.04	9.57	1,149.90
As at March 31, 2018	876.26	0.05	50.32	83.01	68.78	9.57	1,087.99

4 Intangible assets & Goodwill

Particulars	Intangible Assets	Goodwill	Total
Cost as at April 1, 2016	49953.12	5,965.00	55,918.12
Additions	-	-	-
Disposals	-	-	-
Cost as at March 31, 2017	49953.12	5,965.00	55,918.12
Additions	-	-	-
Disposals	-	-	-
Cost as at March 31, 2018	49953.12	5,965.00	55,918.12
Depreciation/Amortisation			
As at March 31, 2016	48,775.46	-	48,775.46
Charge for the year	1,161.36	-	1,161.36
Ind AS Adjustments			-
On disposals	-	-	-
As at March 31, 2017	49,936.83	-	49,936.83
Charge for the year	-	-	-
On disposals	16.29	5,965.00	5,981.29
As at March 31, 2018	49,953.12	5,965.00	55,918.12
Net Block			
As at March 31, 2016	1,177.66	5,965.00	7,142.66
As at March 31, 2017	16.29	5,965.00	5,981.29
As at March 31, 2018	-	-	-



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
5 Capital Work-in-progress			
Software	5,042.44	22,458.78	22,458.78
	5,042.44	22,458.78	22,458.78
6 Deferred Tax - Net			
Deferred Tax Asset			
Carried Forward Losses	17,108.59	17,845.65	9,011.01
Expenditure allowed for tax on accrual basis	7,083.74	8,241.81	14,639.58
Others	11,049.44	8,434.09	7,627.58
	35,241.76	34,521.55	31,278.16
Deferred Tax Liability			
On Property, Plant and Equipment	42.29	4.07	277.27
	42.29	4.07	277.27
Net deferred tax (liability) / Asset	35,199.48	34,517.47	31,000.89
7 Non-current investments			
Investment in Subsidiaries			
Trade Unquoted at Cost			
974,166 Equity shares of face value USD 1/- each fully paid up of Systat Software Inc. USA (As at March 31, 2017 - 974,166 Equity shares of USD 1/- each fully paid up)	1,851.18	1,851.18	1,851.18
380,000 Equity Shares of Rs.10/- each fully paidup of Systat Software Asia Pacific Limited (As at March 31, 2017 - 380,000 Equity Shares of Rs.10/- each fully paidup)	38.00	38.00	38.00
1 Equity Share of 25,000 Euros fully paidup of Systat Software GmbH-Germany (As at March 31, 2017 - 1 Equity Share of 25,000 Euros fully paidup)	14.48	14.48	14.48
165,692 Equity shares of Singapore Dollars 1/- each fully paidup of Cranes Software International Pte Limited - Singapore (As at March 31, 2017 - 165,692 Equity shares of Singapore Dollars 1/- each fully paidup)	44.31	44.31	44.31
26,91,855 Equity shares of USD 1 each fully paid up of Cranes Software Inc (erstwhile NISA Software Inc) (As at March 31, 2017 - 26,91,855 Equity shares of USD 1 each fully paid up)	4,500.73	4,500.73	4,500.73
1,000 Equity Shares of Rs. 100/- each fully paid up of Tilak Auto Tech Private Limited (As at March 31, 2017 - 1,000 Equity Shares of Rs. 100/- each fully paid up)	51.62	51.62	51.62



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
20,000 Equity Shares of Rs. 10/- each fully paid up of Analytix Systems Private Limited (As at March 31, 2017 - 20,000 Equity Shares of Rs. 10/- each fully paid up)	630.00	630.00	630.00
1,20,000 Equity Shares of Rs. 10/- each fully paid up of Caravel Info Systems Pvt Ltd (As at March 31, 2017 - 1,20,000 Equity Shares of Rs. 10/- each fully paid up)	362.33	362.33	362.33
4,840 Equity Shares of Rs. 100/- each fully paid up of Proland Software Pvt Ltd (As at March 31, 2017 - 4,840 Equity Shares of Rs. 100/- each fully paid up)	318.89	318.89	318.89
8,942 Equity shares of Rs.10/- each fully paid up of Esqube Communication Solutions Private Limited (As at March 31, 2017 - 8,942 Equity shares of Rs.10/- each fully paid up)	179.78	179.78	179.78
99,980 Equity Shares of Rs 10/- each fully paid up of Cranes Varsity Pvt Ltd	1.00	-	
	7992.32	7991.32	7991.32
Others			
Trade, Longterm, Unquoted at cost			
147 Equity shares of UAE Dirham 1,000/- each fully paid up of Cranes Software Middle East LLC - UAE (As at March 31, 2017 - 147 Equity shares of UAE Dirham 1,000/- each fully paid up)	17.86	17.86	17.86
	8,010.18	8,009.18	8,009.18
Total non-current investments			
Aggregate cost of unquoted investments	7992.32	7991.32	7991.32
8 Other Non-current assets - Financial Assets: Loans (Unsecured, considered good unless otherwise stated)			
Earnest Money Deposits	42.42	42.77	49.87
Security Deposits	9.65	13.20	13.20
Loans & Advances:			
- Related Parties (Subsidiaries) (Net of Provisions)	5,347.93	12,218.49	19,704.42
MAT Credit Entitlement	640.00	640.00	640.00
	6,040.01	12,914.46	20,427.48



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
9 Inventories			
Stock in Trade	-	40.01	44.74
	-	40.01	44.74
Inventory comprise of Traded goods			
T I Products	-	40.01	44.74
	-	40.01	44.74
10 Trade receivables			
Unsecured			
Considered good	10,190.40	9,782.10	9,688.88
Considered Doubtful	31,173.00	31,173.00	31,173.00
	41,363.40	40,955.10	40,861.88
Less: Allowances for Credit Loss	(31,173.00)	(31,173.00)	(31,173.00)
	10,190.40	9,782.10	9,688.88
11 Cash and cash equivalents			
11a Cash on hand	0.25	2.44	1.28
Balances with banks			
In current accounts	5.23	3.81	4.18
	5.48	6.25	5.46
11b Other bank balances			
In Margin money with Banks			
More than 3 months but less than 12 months	17.85	42.65	50.47
Unpaid Dividend Account	6.97	7.55	7.25
	24.82	50.20	57.72
	30.30	56.45	63.18
12 Other current assets (Unsecured, considered good)			
Prepaid expenses	0.96	0.87	1.86
Advance to suppliers	32.37	72.95	97.61
Other advances	193.07	169.76	112.61
	226.40	243.58	212.08
13 Capital			
Authorised Share Capital			
165,000,000 (165,000,000) Equity shares of Rs. 2 each	3,300.00	3,300.00	3,300.00
2,00,000 (2,00,000) Preference shares of Rs. 100 each	200.00	200.00	200.00
	3,500.00	3,500.00	3,500.00
Issued Share Capital			
117,766,850 (117,766,850) Equity shares of Rs. 2 each	2,355.34	2,355.34	2,355.34
	2,355.34	2,355.34	2,355.34



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Subscribed and fully paid up share capital			
117,766,850 (117,766,850) Equity shares of Rs. 2 each	2,355.34	2,355.34	2,355.34
	2,355.34	2,355.34	2,355.34

Notes:

(a) **Reconciliation of number of equity shares subscribed**

Balance as at the beginning of the year	117,766,850	117,766,850	117,766,850
Add: Issued during the year	-	-	-
Balance at the end of the year	117,766,850	117,766,850	117,766,850

(b) There are no bonus shares, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

(c) **Shareholders holding more than 5% of the total share capital**

Name of the share holder	March 31, 2018		March 31, 2017	
	No of shares	% of Holding	No of shares	% of Holding
IBC Knowledge Park Private Limited	12784740	11%	12784740	11%
Bank of India	11291723	10%	11291723	10%

(d) **Rights, preferences and restrictions in respect of equity shares issued by the Company**

The company has only one class of equity shares having a par value of Rs.2 each. The equity shares of the company having par value of Rs.2/- rank pari-passu in all respects including voting rights and entitlement to dividend.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
14 Other Equity			
a. General reserve	18,430.00	18,430.00	18,430.00
b. Securities Premium Reserve	17,898.26	17,898.26	17,898.26
c. FCCB Premium Redemption Reserve	2,400.00	2,400.00	2,400.00
d. Retained earnings	(98,090.97)	(90,468.09)	(83,217.68)
	(59,362.71)	(51,739.82)	(44,489.41)
a) General reserve			
Balance at the beginning of the year	18,430.00	18,430.00	18,430.00
Additions during the year			
Transfer of General Reserve on account of merger			
Balance at the end of the year	18,430.00	18,430.00	18,430.00
b) Securities Premium Reserve			
Balance at the beginning and end of the year	17,898.26	17,898.26	17,898.26
Additions during the year			
Transfer of General Reserve on account of merger			
Balance at the end of the year	17,898.26	17,898.26	17,898.26



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
c) FCCB Premium Redemption Reserve			
Balance at the beginning of the year	2,400.00	2,400.00	2,400.00
Add: Transfer of capital reserve on account of merger			
Balance at the end of the year	2,400.00	2,400.00	2,400.00
d) Retained earnings			
Balance at the beginning of the year	(90,468.09)	(83,217.68)	(59,238.84)
Net profit for the period	(7,519.94)	(7,250.41)	-
Prior Period Tax Adjustment	(102.94)	-	-
Ind AS adjustments	-	-	(23,978.83)
Balance at the end of the year	(98,090.97)	(90,468.09)	(83,217.68)
15 Provisions (Non -current)			
Provision for Employee Benefits			
Compensated absences	2.32	2.87	2.09
Gratuity	4.35	9.90	14.92
	6.66	12.77	17.01
16 Current liabilities - Financial Liabilities: Borrowings Unsecured			
CSIL Employees Comprehensive Gratuity Trust	43.78	43.78	43.78
	43.78	43.78	43.78
17 Trade payables			
Trade payables	497.44	481.34	589.81
	497.44	481.34	589.81



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

18 Other current liabilities

PARTICULARS	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Bondholders of Foreign Currency Convertible Bonds (42,000 units of 1,000/- Euros each fully paid up)	29,085.00	29,085.00	31,542.00
Interest payable to FCCB Bondholders	9,609.75	9,609.75	8,905.00
Foreign Currency Term Loan from UPS Capital	620.53	584.46	561.94
Term Loans from Banks, Financial Institutions & Asset Reconstruction Company			
Bank of India	33,866.13	33,866.13	29,392.00
International Assets Reconstruction Company Pvt Ltd	-	5,961.96	5,157.50
Canara Bank	9,203.58	9,203.58	7,902.08
Industrial Development Bank of India	6,281.23	6,281.23	5,392.98
State Bank of India (Formerly State Bank of Mysore)	5,429.96	5,429.96	4,768.13
Jammu and Kashmir Bank Limited	-	2,634.90	2,268.19
Cash Credit facilities from Banks			
Bank of India	7,735.86	7,735.86	6,809.98
State Bank of India (Formerly State Bank of Travancore)	7,018.61	7,018.61	6,194.04
Advance from customers	29.51	31.42	30.52
Employee payables	1,516.73	1,504.44	1,480.81
Directors Current Account	3,651.62	3,651.62	3,651.62
Directors Remuneration Payable	315.85	306.09	299.94
Amounts due and payable to Investor Education and Protection Fund	7.21	7.21	7.21
Statutory dues payable	785.93	760.90	750.13
Unpaid Dividend Distribution Tax	273.88	273.88	273.88
Due to Related Parties	6,657.66	1,273.96	1,152.21
Others	23.64	18,709.32	25,110.37
	122,112.68	143,930.29	141,650.54

19 Provisions (Current)

Provision for tax (Net)	169.90	63.94	74.90
Provision for gratuity	3.46	4.21	9.63
Provision for compensated absences leave	0.65	1.39	1.15
	174.01	69.54	85.67



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
20 Revenue from operations		
Sale of Licenses		
Domestic	-	4.70
Export	510.63	583.88
Sale of services	275.22	191.89
	785.85	780.47
21 Other income		
Interest Income [refer note 21 (a) below]	5,030.63	5.89
Other non-operating Income [refer note 21 (b) below]	2,631.97	2,143.60
	7,662.60	2,149.49
21 (a) Interest Income		
Interest on Fixed Deposit	0.09	-
Interest received-Others	0.64	0.70
Interest from Income tax refund	1.56	5.19
Interest on Bank loans written back	5,028.34	-
	5,030.63	5.89
21 (b) Other non-operating Income		
Rent Receipts	31.89	30.89
Gratuity Written back	6.30	10.44
Leave Encashment Written back	0.36	-
Expenses Reimbursement	9.81	8.34
Exchange Gain (Net)	211.55	2,071.95
Other income	0.60	-
Loan Principal Writeback	2,370.54	-
Balance no longer payable written Back	0.91	21.99
	2,631.97	2,143.60
22 Changes in inventories of work-in-progress, stock in trade and finished goods		
Opening Balance		
Stock in trade	40.01	44.74
	40.01	44.74
Closing Balance		
Stock in trade	-	40.01
	-	40.01
Changes in inventories	(40.01)	(4.73)



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
23 Employee benefits expense		
Salaries, wages and bonus	269.52	254.50
Director Remuneration	19.57	30.00
Contribution to Provident Fund	9.98	9.87
Staff welfare expenses	5.01	5.49
Leave Encashment paid	-	1.02
	304.08	300.89
24 Finance Cost		
Interest on borrowings	34.12	11,966.56
Interest on Statutory dues	16.96	0.60
Interest to others	0.13	1.45
Bank Charges	0.22	0.19
	51.43	11,968.80
4 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	64.68	74.96
Amortization of Intangible assets	-	1,161.36
	64.68	1,236.33
25 Other expenses		
Power & Fuel	36.53	35.74
Repair and Maintenance	13.59	15.33
Legal and General Exp	45.30	38.32
Telephone and Communication	13.55	19.52
Travelling expenses	56.49	43.08
Rents	4.89	4.66
Auditors Remunerations	6.07	6.08
Allowances for Credit Loss	1,353.50	-
Impairment of intangible asset under Development	14,635.13	-
Others	19.96	18.25
	16,185.02	180.97
Auditors' Remuneration		
As Auditor	6.00	6.00
Others	0.07	0.08
	6.07	6.08



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
26 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	-	-
Total current tax expense	<u>-</u>	<u>-</u>
Deferred tax		
Deferred tax recognised for the year	(682.01)	(3,516.58)
Total deferred tax expense/(benefit)	<u>(682.01)</u>	<u>(3,516.58)</u>
Income tax expense	<u>(682.01)</u>	<u>(3,516.58)</u>
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operations	(8,201.95)	(10,766.99)
Income tax expense calculated at 32.45% (2016-17: 32.45%)	-	-
Effect of carried forward losses not recognised expenses that are not deductible in determining taxable profit	-	-
Income tax expense	<u>-</u>	<u>-</u>
c) Income tax recognised in other comprehensive income		
Deferred tax		
Remeasurement of defined benefit obligation`	-	-
Total income tax recognised in other comprehensive income	<u>-</u>	<u>-</u>
d) Movement of deferred tax expense during the year ended March 31, 2018		

Deferred tax (liabilities) / assets in relation to	Opening Balance	Recognised in Profit or loss	Recognised in other comprehensive Income	Closing balance
Property, plant, and equipment and Intangible Assets	(4.07)	(38.21)	-	(42.29)
Expenses allowable on Payment basis	17,845.65	(739.48)	-	17,106.17
Provision for Retirement Benefits	19.48	(3.92)	-	15.56
Provision For Bad Debts	8,414.61	2,621.69	-	11,036.30
Brought forward losses	8,241.81	(1,158.07)	-	7,083.74
	34,517.47	682.01	-	35,199.48
MAT Credit entitlement	-	-	-	-
	34,517.47	682.01	-	35,199.48



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

e) Movement of deferred tax expense during the year ended March 31, 2017

Deferred tax (liabilities)/ assets in relation to	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive	Closing balance
Property, plant, and equipment and Intangible Assets	(277.27)	273.19	-	(4.07)
Expenses allowable on Payment basis	14,639.58	3,206.08	-	17,845.65
Provision for Retirement Benefits	24.09	(4.61)	-	19.48
Provision For Bad Debts	7,603.49	811.13	-	8,414.61
Brought forward losses	9,011.01	(769.20)	-	8,241.81
	31,000.89	3,516.58	-	34,517.47
MAT Credit entitlement	-	-	-	-
	31,000.89	3,516.58	-	34,517.47

f) Unused tax credits

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
27 Earnings per share		
Profit for the year attributable to owners of the Company	(7,519.94)	(7,250.41)
Weighted average number of ordinary shares outstanding	117,766,850	117,766,850
Basic earnings per share (Rs)	(6.39)	(6.16)
Diluted earnings per share (Rs)	(6.39)	(6.16)
28 Earnings in foreign currency		
FOB value of exports	510.63	583.88
	510.63	583.88
29 Expenditure in foreign currency		
Interest	34.12	1,501.14
	34.12	1,501.14



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

30 Commitments and contingent liability

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Contingent Liability *		
Bank Guarantees	6.17	38.82
Disputed demands from Service tax authorities	2,017.03	2,017.03
Disputed demands from Income tax authorities	-	6,728.44
Directorate of Enforcement	580.00	580.00
Undisputed Statutory Dues remaining unpaid as at March 31, 2018		
Employee's Provident Fund & Miscellaneous Provision Act	29.62	35.46
Commercial Taxes Act	1.83	2.57
Employees State Insurance Act	8.08	6.21
Income Tax Act	292.94	308.31
Service Tax Act	239.48	233.18
Karnataka State Commercial Taxes Act	84.25	85.42
Income Tax Act	522.23	89.02
Wealth Tax Act	0.45	0.88
Income Tax Act	273.88	273.88
Income Tax Act	-	0.41
Investor Education Protection Fund	7.21	7.21
Goods and Service Tax Act	40.50	-

* The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the company is not probable and accordingly, no provision for the same is considered necessary.



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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)	29,085.00	} High Court, Karnataka
2. Bank of India	22,280.03	
3. Canara Bank	2,617.08	
B. Under Section 138 of Negotiable Instruments Act, 1881		
1. State Bank of India (Formerly State Bank of Mysore)	2,500.00	} Metropolitan Court Bangalore
2. Canara Bank	1,400.00	
3. Bank of India	500.00	
4. IDBI	432.00	
C. Under Debt Recovery Act, 1993		
1. Canara Bank	2,933.38	} Debt Recovery Tribunal
2. Bank of India	19,688.48	
3. State Bank of India (Formerly State Bank of Mysore)	3,107.97	
4. State Bank of India (Formerly State Bank of Travancore) (also under NCLT)	3,212.31	
5. IDBI Bank	2,211.43	
D. Special Court for Economic Offenses		
SEBI	235.53	

31 Trade Receivables include, dues from Subsidiary Companies as under

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Dunn Solutions Group Inc	-	64.55
Systat Software Inc, USA	8,903.49	8,450.62
Systat Software GmbH	224.40	187.11
Proland Software Pvt Ltd	13.35	13.35



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

32 Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) The principal amount remaining unpaid at the end of the year`	-	
(b) The delayed payments of principal amount paid beyond the appointed date during the year	-	-
(c) Interest actually paid under Section 16 of MSMED Act	-	-
(d) Normal Interest due and payable during the year, for all the delayed payments, as per the agreed terms	-	-
(e) Total interest accrued during the year and remaining unpaid	-	-

*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

33 Operating Segments

The Business of the Company falls under a single primary segment i.e. IT/ITES in accordance with Ind AS 108 'Operating Segments' and hence reporting on various segment do not arise.

34 Impairment of Assets

The company assessed its intangible assets under development for impairment as at 31st March 2018 and has recognised impairment loss of Rs. 14635.13 lakhs in the books of accounts (Refer "Impairment of Intangible Asset under development" under note No. 25).

35 Operating lease arrangements (as lessor)

The Company has given certain properties on operating lease arrangements. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties. The total lease income recognised on such contracts for the year is Rs. 31.89 Lakhs (Previous year Rs. 30.89 Lakhs).

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

37 Foreign Currency Convertible Bonds

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

During March 2011, the convertible foreign currency bonds had become due for conversion to Equity Shares and none of the bond holders have exercised their option for conversion. Correspondingly, the amounts had become due for payment as on the closure of such exercise and is yet to be redeemed as on the date of the balance sheet. These funds fall within the meaning of 'deposit' as defined under section 73 of the Companies Act 2013. The Company has not complied with the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

38 "Loans and advances includes, dues from Companies under the same management, as under (Disclosure required by Clause 32 of the Listing Agreement)"

Particulars	Current Year	Maximum Amount Outstanding during the year	Previous Year	Maximum Amount Outstanding during the year
Cranes Software International Pte Ltd-Singapore	1,527.52	1,527.52	1,503.33	1,503.33
Cranes Software Inc	-	-	5,369.02	5,369.02
Tilak Auto Tech Pvt. Ltd	163.81	163.81	-	-
Systat Software Inc USA (Net of Provision)	5516.13	4,236.33	6215.67	7,377.17
Proland Software Pvt Ltd	449.46	449.46	449.46	449.46
Esqube Communication Solutions Pvt Ltd	188.76	188.76	-	-
Systat Software UK Ltd	344.66	344.66	243.62	243.62
Less : Allowance for Credit Loss	(2842.40)	-	(1562.60)	-
Total	5,347.93	6,910.53	12,218.49	14,942.59

39 Financial Instruments

Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long-term borrowings and other short-term borrowings.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Gearing Ratio:	March 31, 2018	March 31, 2017
Debt	108,894.44	117,455.24
Less: Cash and bank balances	5.48	6.25
Net debt	108,888.96	117,448.99
Total equity	(57,007.37)	(49,384.48)
Net debt to equity ratio (%)	-191.01%	-237.83%



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Categories of Financial Instruments	March 31, 2018	March 31, 2017
Financial assets		
a. Measured at amortised cost		
Other non-current financial assets	6,040.01	12,914.46
Trade receivables	10,190.40	9,782.10
Cash and cash equivalents	5.48	6.25
Other financial assets	-	-
b. Mandatorily measured at fair value through profit or loss (FVTPL)		
Investments	8,010.18	8,009.18
Derivative instruments	-	-
Financial liabilities		
a. Measured at amortised cost		
Borrowings (short term)	43.78	43.78
Trade payables	497.44	481.34
b. Mandatorily measured at fair value through profit or loss (FVTPL)		
Derivative instruments	-	-

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments and forward contracts to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)



Disclosure of hedged and unhedged foreign currency exposure

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Currency	Gross Exposure	Liabilities Exposure hedged using derivatives	Net Liability exposure currency	Gross Exposure	Assets Exposure hedged using derivatives	Net asset exposure on the currency	Net overall Exposure on the currency net assets / (net liabilities)
USD	9.92	-	9.92	340.10	-	340.10	330.18
Euro	479.59	-	479.59	11.64	-	11.64	(467.95)
Pound	-	-	-	3.82	-	3.82	3.82
AED	-	-	-	2.95	-	2.95	2.95
Singapore Dollars	0.01	-	0.01	6.42	-	6.42	6.41
In INR (Rs. In lacs)	77,975.95	-	77,975.95	23,783.84	-	23,783.84	(54,192.11)
Currency	Gross Exposure	Liabilities Exposure hedged using derivatives	Net Liability exposure currency	Gross Exposure	Assets Exposure hedged using derivatives	Net asset exposure on the currency	Net overall Exposure on the currency net assets / (net liabilities)
USD	9.41	-	9.41	813.66	-	813.66	804.24
Euro	558.85	-	558.85	100.74	-	100.74	(458.11)
Pound	-	-	-	3.09	-	3.09	3.09
AED	-	-	-	2.95	-	2.95	2.95
Singapore Dollars	0.01	-	0.01	6.42	-	6.42	6.41
In INR (Rs. In lacs)	39,311.15	-	39,311.15	60,334.17	-	60,334.17	21,023.02



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of borrowings. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks, mutual fund investments, investments in debt securities and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

(a) Trade Receivables

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits.

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

(b) Investments, Derivative Instruments, Cash and Cash Equivalents and Bank deposits

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Credit Risk on Derivative Instruments is generally low as the Company enters into the Derivative Contracts with the reputed Banks.

Investments of surplus funds are made only with approved Financial Institutions/ Counterparty. The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt and arbitrage categories and restricts the exposure in equity markets.

Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

40 Related party disclosures

(a) Name of related party and nature of relationship

Key management personnel

Asif Khader	Managing Director
Mueed Khader	Director
Mukkaram Jan	Director
P Phaneendra	Company Secretary

Other Enterprises with which promoter has significant influence

Systat Software Inc, USA
Systat Software Asia Pacific Limited
Cranes Software International Pte Ltd., Singapore
Systat Software GmbH, Germany
Cranes Software Inc
Analytix Systems Private Limited
Tilak Autotech Private Limited
Caravel Info Systems Pvt Ltd
Proland Software Pvt Ltd
Esqube Communication Solutions Pvt Ltd

Other Enterprises which are Indirect Subsidiaries

Systat Software UK Ltd

Other Related Parties

Orca Infotech Private Limited
K & J Holdings Private Limited
K & J Telecom Private Limited
Jansons Land & Property Development Pvt Ltd
SPSS South Asia Private Limited
Keysoft Solutions Private Limited
Spice Capital Fund Private Limited
Sea Equity Private Limited
Samra Investment Bangalore Pvt Ltd
Source Majeure Software Pvt Ltd
Predictive Analytics Solutions Pvt Ltd



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

b) Transactions during the year

S.No	Nature of transactions	Year ended March 31, 2018	Year ended March 31, 2017
1	Sale of Goods		
	Systat Software Inc	316.77	363.35
	Systat Software Gmbh	120.85	141.64
	Systat Software UK Ltd	73.01	78.89
		510.63	583.88
2	Asif Khader		
	Managerial Remuneration	9.78	10.00
	Contribution to provident and other funds	0.22	0.43
	Mueed Khader		
	Remuneration	9.78	10.00
	Contribution to provident and other funds	0.22	0.43
	Mukkaram Jan		
	Remuneration	-	10.00
	Contribution to provident and other funds	-	0.43
3	P Phaneendra		
	Salary to KMP	2.82	2.31
	Contribution to provident and other funds	0.36	0.14

c) Balance outstanding at the year end

S.No	Particulars	As at March 31, 2018	As at March 31, 2017
1	Trade Receivables		
	Systat Software Inc		
	Amount outstanding at year end - Dr	8,903.49	8,450.62
	Systat Software GmbH		
	Amount outstanding at year end - Dr	224.40	187.11
	Proland Software Pvt Ltd		
	Amount outstanding at year end - Dr	13.35	13.35
	Dunn Solutions Group Inc		
	Amount outstanding at year end - Dr	-	64.55



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

S.No	Particulars	As at March 31, 2018	As at March 31, 2017
2	Others		
	Analytix Systems Pvt Ltd		
	Amount outstanding at year end - Cr	73.83	538.32
	Engineering Technology Associates Inc		
	Amount outstanding at year end - Cr	6.94	6.92
	Caravel Info Systems Pvt Ltd		
	Amount outstanding at year end - Cr	143.90	465.96
	Tilak Autotech Pvt Ltd		
	Amount outstanding at year end - Dr	163.81	
	Amount outstanding at year end - Cr	-	120.85
	Systat Software Asia Pacific Ltd		
	Amount outstanding at year end - Cr	52.94	52.94
	Esqube Communication Solutions Private Ltd		
	Amount outstanding at year end - Dr	188.76	
	Amount outstanding at year end - Cr		95.90
	Directors Current Account		
	Amount outstanding at year end - Cr	3,967.47	3,957.71
	Cranes Software Inc		
	Amount outstanding at year end - Cr	5,787.29	
	Amount outstanding at year end - Dr		5,369.02
	Cranes Software International Pte Ltd		
	Amount outstanding at year end - Dr	1,525.99	1,501.80
	Proland Software Pvt Ltd		
	Amount outstanding at year end - Dr	449.46	449.46
	Systat Softwares Inc		
	Amount outstanding at year end - Dr	3,953.53	4,653.07
	Systat Software UK Ltd		
	Amount outstanding at year end - Dr	344.66	243.62
	Dunn Solutions Groups Inc		
	Amount outstanding at year end - Dr	38.70	45.39
	Cranes Software. Intl Pte Ltd		
	Amount outstanding at year end - Dr	1.53	1.52
	Systat Softwares GMBH		
	Amount outstanding at year end - Cr	598.94	-
	Cranes Varsity Private Limited		
	Amount outstanding at year end - Cr	0.76	-



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

41 Retirement benefit plans

Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund and super annuation fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident Fund.

The total expense recognised in profit or loss of Rs.6.30 Lakhs (for the year ended March 31, 2017: Rs. 10.44 Lakhs) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans

(a) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	March 31, 2018	March 31, 2017
Discount Rate	7.73% p.a	6.68% p.a.
Rate of increase in compensation level	4.00% p.a	4.00% p.a.
Rate of Return on Plan Assets	6.68% p.a	7.73% p.a.
Attrition rate	2.00% p.a	2.00% p.a.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

	March 31, 2018	March 31, 2017
Current service cost	2.19	3.35
Net interest expense	1.43	2.30
Return on plan assets (excluding amounts included in net interest expense)	(0.56)	(0.43)
Components of defined benefit costs recognised in profit or loss	3.06	5.22

Remeasurement on the net defined benefit liability comprising:

Actuarial (gains)/losses recognised during the period	(9.36)	(15.65)
Components of defined benefit costs recognised in other comprehensive income	(9.36)	(15.65)
	(6.30)	(10.44)

i) The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.

ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Present value of defined benefit obligation	15.05	21.35
Fair value of plan assets	(7.24)	(7.24)
Net liability/ (asset) arising from defined benefit obligation	7.81	14.11
Funded	7.81	14.11
Unfunded	-	-
	7.81	14.11



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
The above provisions are reflected under 'Provision for employee benefits- gratuity' as per details below		
Long term provisions (refer note 19)	4.34731	9.90103
Short term provisions (refer note 24)	3.45995	4.20913
	7.80726	14.11016
Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	21.35	30.97
Present value of obligation of subsidiary companies taken over	-	-
Current service cost	2.19	3.35
Interest cost	1.43	2.30
Actuarial (gains) /losses	-9.92	-15.26
Benefits paid	-	-
Others	-	-
Closing defined benefit obligation	15.05	21.35
Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	7.24	6.42
Fair Value of Plan Assets of Subsidiary company taken over	-	-
Return on plan assets	0.56	0.43
Contributions	-	-
Benefits paid	-	-
Actuarial gains/(loss)	(0.56)	0.39
Others	-	-
Closing fair value of plan assets	7.24	7.24

Sensitivity analysis

In view of the fact that the Company for preparing the sensitivity analysis considers the present value of the defined benefit obligation which has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(b) Compensated absences

The leave scheme is a final salary defined benefit plan, that provides for a lumpsum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count at the time of separation and paid as lumpsum.

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense recognised during the year is Rs.7.49 Lakhs (previous year Rs.8.77 Lakhs)



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

The design entitles the following risk

Interest rate risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

	March 31, 2018	March 31, 2017
Current service cost	0.84	0.94
Net interest expense	0.28	0.24
Return on plan assets (excluding amounts included in net interest expense)	-	-
Components of defined benefit costs recognised in profit or loss	1.12	1.18
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	(2.41)	(0.16)
Components of defined benefit costs recognised in other comprehensive income	(2.41)	(0.16)
	(1.29)	1.02

- i) The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.
- ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Present value of defined benefit obligation	2.96	4.26
Fair value of plan assets	-	-
Net liability/ (asset) arising from defined benefit obligation	2.96	4.26
Funded	2.96	4.26
Unfunded	-	-
	2.96	4.26



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
The above provisions are reflected under 'Provision for employee benefits- gratuity' as per details below		
Long term provisions (refer note 19)	2.32	2.87
Short term provisions (refer note 24)	0.65	1.39
	2.96499	4.25584

Movements in the present value of the defined benefit obligation in the current year were as follows:

Opening defined benefit obligation	4.26	3.23
Present value of obligation of subsidiary companies taken over	-	-
Current service cost	0.84	0.94
Interest cost	0.28	0.24
Actuarial (gains) /losses	(2.41)	(0.16)
Benefits paid	-	-
Others	-	-
Closing defined benefit obligation	2.96	4.26



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

42 First-time adoption of Ind AS Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (The company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards generally applicable to the Company (as amended from time to time) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost for Property, Plant and Equipment (PPE)

Ind AS 101 permits a first-time adopter to elect to fair value a class of property, plant and equipment or to continue with the carrying value for all of its PPE as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

The company has not elected to fair value its property, plant and equipment as on the date of transition.

A.1.2. Deemed cost for Intangible Assets

Ind AS 101 permits a first-time adopter to elect to fair value the intangible assets or to continue with the carrying value as per the previous GAAP as deemed cost on the date of transition.

The company has elected to continue the carrying value on the date of transition as per previous GAAP as deemed cost.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

B. Notes to first-time adoption

B.1 Fair valuation of property, plant and equipment as deemed cost

As per Ind AS, the company is allowed to elect the option of fair value any class of its PPE on the date of transition and treat it as deemed cost under Ind AS. The company has not elected to fair



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

value its property, plant and equipment as on the date of transition. No consequential impact has been considered in the opening retained earnings.

B.2 Trade receivables

As per Ind AS 109, The company is required to apply expected credit loss model for recognising the allowance for doubtful debts. Accordingly, the Company has developed an assessment for allowance for expected credit loss. The same has been considered in the opening and comparative period financial statements.

B.3 Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Adjustments have been made for such re-classifications. However, this has no effect on the profits and equity as per Ind AS.

B.4 Fair valuation of financial assets and liabilities

Under Ind AS, financial assets and liabilities are to be valued at amortised cost or fair valued through profit and loss (FVTPL) or fair valued through other comprehensive income (FVTOCI) based on the Company's business objectives and the cash flow characteristics of the underlying financial assets and liabilities.

Accordingly, the Company has remeasured the financial assets and liabilities as on the date of transition and the consequential impact has been given in the opening retained earnings.

B.5 Transaction costs in respect of financial instruments

Under the previous GAAP, transaction costs in relation to financial liabilities are charged to the profit and loss in the year in which they are incurred.

As per Ind AS 109, transaction costs in relation to financial liabilities are to be reduced from the related financial liabilities and amortised over the repayment period of the said liability. The same has been considered in the opening and comparative period financial statements.

B.6 Deferred tax and MAT Credit Entitlement

Under Ind AS, the deferred tax asset and liabilities are required to be accounted based on balance sheet approach. The Company is also required to remeasure the carrying amount of MAT credit entitlement as per Ind AS. Accordingly, the Company has remeasured its deferred tax assets and liabilities as aforesaid and accounted in the Ind AS financial statements.

**NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

43 Key reconciliation required as per Ind AS 101 on transition to Ind AS

	As at March 31, 2017	As at April 1, 2016
(a) Reconciliation of equity		
Total equity / shareholders' funds as per Indian GAAP	(27,760.99)	(20,510.58)
Ind AS Adjustments		
Allowances for Credit Loss	(23,978.83)	(23,978.83)
Total equity/ shareholders' funds as per Ind AS	(51,739.82)	(44,489.41)
(b) Reconciliation of Profits		
Total comprehensive income as per Indian GAAP	(7,519.94)	(7,250.41)
Ind AS Adjustments	-	-
Total comprehensive income as per Ind AS	(7,519.94)	(7,250.41)

For and on behalf of the board

As per our report of even date attached
For M/s. Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration No. 013367S

Timmayya Hegde
Partner
Membership No. 226267

Place: Bangalore
Date: May 30, 2018

For and on behalf of the Board

Asif Khader
Managing Director
DIN : 00104893

Place: Bangalore
Date: May 30, 2018

Mueed Khader
Director
DIN : 00106674

P. Phaneendra
Company Secretary



CRANES SOFTWARE INTERNATIONAL LIMITED

CONSOLIDATED FINANCIAL STATEMENTS 2017 - 2018



INDEPENDENT AUDITOR'S REPORT

To the members of CRANES SOFTWARE INTERNATIONAL LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Cranes Software International Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the consolidated Balance Sheet as at 31st March, 2018, the consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information prepared based on the relevant records, (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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

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

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



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

Qualified Opinion

In our opinion and subject to the qualifications reported in the standalone Independent Audit's Report of the Holding Company of even date, to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2018, their consolidated loss, and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

- i. Consolidated accounts of the company include compiled financials of
 - a. Cranes Software International Pte Limited, Singapore
 - b. Systat Software GmbH
 - c. Cranes Software Inc (including compiled financial of two step down subsidiaries "Engineering Technology Associate Inc" and "Dunn Solutions Inc" till the period 30th September 2017)
 - d. Systat Software Inc

The same are not audited by the respective auditors as on 31st March 2018.

- ii. Our audit report has to be read along with the 'Emphasis of Matter' para as appearing in our Independent Auditor's Report of even date in respect of the standalone financials of Cranes Software International Limited.

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

Other Matter

- i. We did not audit the financial statements/financial information of four subsidiaries, whose financial statements/financial information reflect total assets of Rs. 15,343.02 lakhs at 31st March 2018, total revenues of Rs. 16,561.22 lakhs as at the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors (except for those stated in para above) whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- ii. The Consolidated results of the Company include the compiled financials of two step down subsidiaries "Engineering Technology Associate Inc" and "Dunn Solutions Inc" till the period 30th September 2017 on account of these two step down subsidiaries being vested with the lender on exercising his pledge and therefore, are not comparable with the financials for the year ended 31st March 2017. The total assets and the total revenue of the said step down subsidiaries included in the consolidated financial statements for the year ended 31st March 2017 were Rs. 7,195.36 lakhs and Rs. 29,980.15 lakhs respectively. However, the consolidated financials include revenue of Rs 14,582.17 lakhs related to the said step-down subsidiaries, pertaining to the financial year ended 31st March 2018.
- iii. Our opinion on the consolidated financial statements, and our report on Other Legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the management.
- iv. These comparative consolidated financial results for the year ended 31 March 2017 included in these standalone financial results have been audited by predecessor auditor. The report of the predecessor auditor on comparative financial information expressed a qualified opinion thereon.

**Report on Other Legal and Regulatory Requirements**

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. Except for the matters specified in the Independent Auditor's Report of the Holding Company of even date, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. In our opinion, the qualifications and matters specified in the 'Emphasis of Matter' paragraph, may have an adverse effect on the functioning of the Company.
- f. Four Directors out of six Directors of the Holding company who are also directors of subsidiary companies and other companies which has not filed its annual return with the Registrar of Companies for a period of more than 3 years as on the date of Balance Sheet, leading to non-compliance and disqualification from being appointed as a director. The Registrar of the Companies Karnataka had ordered for removal of directors in terms of Section 164(2) of the Companies Act, 2013. However, in case of the rest two directors, on the basis of the written representations received as on 31st March, 2018 taken on record by the Board of Directors, the directors are not disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in Note 3.27 to the consolidated financial statements.
 - ii) The Group does not have any material foreseeable losses in long-term contracts including derivative contracts;
 - iii) The Holding Company has not transferred an amount of Rs. 7.21 Lakhs, which is required to be transferred to the Investor Education and Protection Fund.

For **Sethia Prabhada Hegde & Co**
Chartered Accountants
Registration No.013367S

Timmayya Hegde
Partner
Membership No.226267

Bangalore
30th May, 2018



ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Cranes Software International Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

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

Qualified Opinion

In our opinion, subject to the matters specified in the 'Emphasis of Matter' paragraph as appearing in our Independent Auditor's Report of even date on the consolidated financials statements, the holding company and its subsidiaries have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Timmayya Hegde
Partner
Membership No.226267

Bangalore
30th May, 2018



CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2018 CIN : L05190KA1984PLC031621

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

PARTICULARS	Notes	March 31, 2018	March 31, 2017	April 1, 2016
I. ASSETS				
1 Non-current assets				
Property, plant and equipment	4	1,092.20	1,261.55	1,389.98
Intangible assets	4	6,622.99	24,189.01	27,092.05
Capital work in progress	5	5,042.44	22,458.78	22,305.78
Deferred Tax Asset (net)	6	38,254.85	37,153.27	33,552.08
Financial assets				
Investments	7	17.86	17.86	17.86
Other non-current assets	8	894.41	931.66	935.72
Total non-current assets		51,924.75	86,012.13	85,293.48
2 Current assets				
Inventories	9	-	219.03	337.60
Financial assets				
Trade receivables	10	3,611.35	8,011.50	9,266.68
Cash and cash equivalents	11A	118.14	520.67	1,221.96
Other bank balances	11B	102.76	46.37	125.89
Other Current assets	12	435.96	929.50	4,674.91
Total current assets		4,268.21	9,727.07	15,627.03
Total Assets		56,192.96	95,739.20	1,00,920.51
II EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	2,355.34	2,355.34	2,355.34
Other equity	14	(67,920.12)	(60,347.87)	(53,698.77)
Total equity		(65,564.78)	(57,992.54)	(51,343.43)
Liabilities				
Non-current liabilities				
Provisions	15	25.48	30.93	35.17
Total non-current liabilities		25.48	30.93	35.17
Current liabilities				
Financial liabilities				
Borrowings	16	43.78	1,734.80	1,227.77
Trade payables	17	1,243.58	1,563.77	1,874.43
Other current liabilities	18	1,20,270.90	1,50,332.69	1,49,040.91
Provisions	19	174.01	69.54	85.67
Total current liabilities		1,21,732.27	1,53,700.80	1,52,228.77
Total liabilities		1,21,757.74	1,53,731.73	1,52,263.94
Total Equity and Liabilities		56,192.96	95,739.20	1,00,920.51

The significant accounting policies and the accompanying notes form an integral part of the financial statements

As per our report of even date attached
For M/s. Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration No. 013367S

For and on behalf of the Board

Timmayya Hegde
Partner
Membership No. 226267

Asif Khader
Managing Director
DIN : 00104893

Mueed Khader
Director
DIN : 00106674

P. Phaneendra
Company Secretary

Place: Bangalore
Date: May 30, 2018

Place: Bangalore
Date: May 30, 2018



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2018 CIN : L05190KA1984PLC031621

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

PARTICULARS	Notes	March 31, 2018	March 31, 2017
Continuing Operations			
A Income			
Revenue from operations	20	17,050.14	32,548.29
Other income	21	9,288.18	2,251.51
Total income		26,338.33	34,799.80
B Expenses			
Purchase of stock-in-trade - Traded goods		10,952.19	22,225.92
Changes in inventories of finished goods	22	219.03	118.56
Employee Benefits Expense	23	3,714.36	5,907.95
Finance costs	24	150.76	12,166.77
Depreciation and amortisation expense	4	1,464.43	3,041.37
Other expenses	25	18,660.88	3,880.79
Total expenses		35,161.64	47,341.36
C Profit before exceptional items and tax		(8,823.31)	(12,541.56)
Exceptional items		-	(13.82)
D Profit before tax from continuing operations		(8,823.31)	(12,527.75)
Income tax expense	26		
Income tax relating to earlier years		103.53	44.77
Deferred tax charge/ (credit) relating to earlier years		(1,101.58)	(3,601.19)
Profit for the year		(7,825.26)	(8,971.33)
E Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(7,825.26)	(8,971.33)
Earnings per share	27		
Basic earnings per share		(6.64)	(7.62)
Diluted earnings per share		(6.64)	(7.62)

The significant accounting policies and the accompanying notes form an integral part of the financial statements

As per our report of even date attached
For M/s. Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration No. 013367S

For and on behalf of the Board

Timmayya Hegde
Partner
Membership No. 226267

Asif Khader
Managing Director
DIN : 00104893

Mueed Khader
Director
DIN : 00106674

P. Phaneendra
Company Secretary

Place: Bangalore
Date: May 30, 2018

Place: Bangalore
Date: May 30, 2018



CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2018 CIN : L05190KA1984PLC031621

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Cash Flow From Operating Activities		
Profit before income tax	(8,823.31)	(12,527.75)
Adjustments for		
Depreciation and amortisation expense	1,464.43	3,041.37
Foreign Exchange Loss/(Gain) (Net)	153.71	2,158.19
Interest received	(13.62)	(13.06)
Finance costs	150.76	12,166.77
	(7,068.04)	4,825.52
Change in operating assets and liabilities		
(Increase)/ decrease in inventories	219.03	118.56
(Increase)/ decrease in trade receivables	4,400.15	1,171.81
(Increase)/ decrease in Other assets	493.54	3,757.17
Increase/ (decrease) in Current liabilities	(19,502.06)	(10,611.94)
Increase/ (decrease) in trade payables	(302.19)	(310.65)
Cash generated from operations	(21,777.56)	(1,049.53)
Less : Income taxes paid (net of refunds)	-	-
Net cash from operating activities (A)	(21,777.56)	(1,049.53)
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(138.04)	(162.89)
Impairment of Intangible Asset Under Development	14,635.13	-
Proceeds from sale of Intangible Assets under Development	8,762.50	-
Interest income	13.62	13.06
Net cash used in investing activities (B)	23,273.21	(149.83)
Cash Flows From Financing Activities		
Interest on borrowed funds	(150.76)	(76.55)
Borrowing / repayments	(1,691.03)	507.04
Long term loans and advances	-	(7.70)
Long term Provisions	-	(4.24)
Net cash from/ (used in) financing activities (C)	(1,841.78)	418.56
Net decrease in cash and cash equivalents (A+B+C)	(346.14)	(780.81)
Cash and cash equivalents at the beginning of the financial year	567.04	1347.84
Cash and cash equivalents at end of the year	220.90	567.04
Notes:		
1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".		
2. Components of cash and cash equivalents Balances with banks		
- in current accounts	117.28	51266
- in deposit accounts	-	-
Others	102.76	46.37
Cash on hand	0.86	8.01
	220.90	567.04

As per our report of even date attached
For M/s. Sethia Prabhadd Hegde & Co
Chartered Accountants
Firm Registration No. 013367S

For and on behalf of the Board

Timmayya Hegde
Partner
Membership No. 226267

Asif Khader
Managing Director
DIN : 00104893

Mueed Khader
Director
DIN : 00106674

P. Phaneendra
Company Secretary

Place: Bangalore
Date: May 30, 2018

Place: Bangalore
Date: May 30, 2018

**Consolidated Statement of Changes in Equity for the year ended March 31, 2018**

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

(A) Equity Share Capital

Balance at the beginning of April 1, 2016	2,355.34
Changes in equity share capital during the year	-
Balance at the end of March 31, 2017	2,355.34
Changes in equity share capital during the year	-
Balance at the end of March 31, 2018	2,355.34

(B) Other Equity

Particulars	General Reserve	Securities Premium Reserve	Capital Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
Balance as at April 1, 2016	18,430.00	17,898.26	2,400.00	261.92	(92,688.95)	(53,698.77)
Transfer on account of Adjustment	-	-	-	2,322.22	-	2,322.22
Profit for the year	-	-	-	-	(8,971.33)	(8,971.33)
Balance as at March 31, 2017	18,430.00	17,898.26	2,400.00	2,584.14	(1,01,660.27)	60,347.87
Additions/ (deductions) during the year	-	-	-	-	-	-
Profit for the year	-	-	-	-	(7,825.26)	(7,825.26)
Transfer on account of Adjustment	-	-	-	253.02	-	253.02
Balance as at March 31, 2018	18,430.00	17,898.26	2,400.00	2,837.16	(1,09,485.54)	(67,920.12)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For M/s. Sethia, Prabhakar Hegde & Co
Chartered Accountants
Firm Registration No. 013367S

For and on behalf of the Board

Timmayya Hegde
Partner
Membership No. 226267

Asif Khader
Managing Director
DIN : 00104893

Mueed Khader
Director
DIN : 00106674

P. Phaneendra
Company Secretary

Place: Bengaluru
Date: May 30, 2018

Place: Bengaluru
Date: May 30, 2018



NOTES forming part of financial statements

Significant Accounting Policies

1. CORPORATE INFORMATION

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 & PRESENTATION OF FINANCIAL STATEMENTS

a. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (India Accounting Standards) Amendment Rules, 2016 as applicable.

Upto the year ended March 31, 2017, the Company prepared and presented its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act, 2013 (Indian GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

These are the Company's first Ind AS financial statements. The Company has adopted all applicable standards and the adoption was carried out in accordance with Ind AS 101 - 'First Time Adoption of Indian Accounting Standards'. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company are provided in Note no 38 - First Time Adoption. The date of transition to Ind AS is April 1, 2016.

b. Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair value at end of the each reporting period, as explained in the accounting policies below.

c. Use of judgement, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of financial statement and the reported amounts of income and expenditure during the reported year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.

The areas involving critical estimates or judgements are:

- i. **Depreciation and amortisation:** Depreciation and amortisation is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.
- ii. **Impairment testing:** Investments in subsidiaries, goodwill and intangible assets are tested for impairment annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth

rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

- iii. **Employee Benefits** : The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. Any changes in these assumptions will impact the carrying amount of obligations. The discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.
- iv. **Provision and contingencies** : Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the Balance Sheet date.
- v. **Expected credit losses on financial assets**: The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.
- vi. **Other estimates**: The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period.

The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

Fair valuation of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of forecast transaction.

2.2 Functional and presentation currency : The functional and presentation currency of the Company is Indian Rupee (₹). The functional currency of its Branches is as per its respective domicile currency.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Property, Plant and Equipment

On Transition : For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Subsequent to Transition:

Recognition & Measurement: Property, Plant and Equipment are carried at cost less accumulated depreciation / amortization and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses. Subsequent expenditure, if any, on property, plant and equipment after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

b. Capital work-in-progress Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.

c. Depreciation/ Amortisation

Depreciable amount for assets is the cost of asset less its estimated residual value.



Depreciation has been provided on buildings and plant and equipments on the straight line method as per the useful life prescribed in Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The Company assesses at each Balance Sheet date whether there is objective evidence that an asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

d. Intangible assets

On Transition - The Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Subsequent to Transition:

Recognition & Measurement: Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and impairment losses, if any.

Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period.

Computer software is amortized over a period of three years

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of Profit and Loss when the asset is derecognized.

e. Financial Instruments

Financial assets : The Company classifies its financial assets in the following categories:

- i. Financial assets at amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value which usually represents cost plus transaction costs and subsequently carried at amortised cost using the effective interest method, less impairment loss if any.

Financial assets at amortised cost are represented by trade receivables, security and other deposits, cash and cash equivalent, employee and other advances.

- ii. Equity investments - Investment in subsidiaries are stated at cost less impairment loss if any.
- iii. Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI) - For assets which are not held for trading purposes and where the company has exercised the option to classify the investment as at FVTOCI, all fair value changes on the investment are recognised in OCI. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.
- iv. Financial assets at Fair Value through Profit and loss (FVTPL) - Financial assets other than the equity investments and assets classified as FVTOCI are measured at FVTPL. These include surplus funds invested in mutual funds etc.

Financial liabilities

Initial recognition and measurement - Financial liabilities are measured at amortised cost using effective interest method. For trade and other payable maturing within one year from the Balance Sheet date, the carrying value approximates fair value due to short maturity.

**Derivative financial instruments and hedging activities**

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at a future date. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company enters into derivative contracts to hedge the risks asserted with currency fluctuations relating to firm commitments and highly probable transactions. The Company does not use derivative instruments for speculative purposes.

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income. The ineffective portion of changes in the fair value of the derivative is recognised in the Statement of Profit and Loss.

Amounts accumulated in hedging reserve are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss.

The full fair value of a hedging derivative is classified as a current/ non-current, asset or liability based on the remaining maturity of the hedged item.

When a hedging instrument expires, swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in Statement of Changes in Equity is recognised in the Statement of Profit and Loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Fair value measurement

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

- i) Level 1 - The fair value of financial instruments quoted in active markets is based on their quoted closing price at the Balance Sheet date.
- ii) Level 2 - The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.
- iii) Level 3 - The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the Company carries such instruments at cost less impairment, if applicable.

f. Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, superannuation fund and compensated absences.



Provident Fund: Employees receive benefits from a provident fund, which is a defined benefit plan. The employer and employees each make periodic contributions to the plan. A portion of the contribution is made to the approved provident fund trust managed by the Trustees while the remainder of the contribution is made to the government administered pension fund. The contributions to the trust managed by the Company is accounted for as a defined contribution plan as the Company is liable for any shortfall in the fund assets based on the government specified minimum rates of return.

Gratuity: The Company provides for Gratuity, a defined benefit plan covering the eligible employees. The Gratuity plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and tenure of the employment with the Company.

Liabilities with regard to the Gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using projected unit method. The Company fully contributes all ascertained liabilities to the trust managed by the Trustees. The Trustees administers the contributions made to the Trust. The fund's investments are managed by certain insurance companies as per the mandate provided to them by the trustees and the asset allocation is within the permissible limits prescribed in the insurance regulations.

Actuarial gains and losses are recognised in the Other comprehensive income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Superannuation Fund: Certain employees of the Company are participants in a defined contribution plan of superannuation. The Company has no further obligations to the plan beyond its monthly contributions which are periodically contributed to the Trust, the corpus of which is invested with the Life Insurance Company.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur. 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 service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

g. Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on a best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.



h. Income Taxes

Income tax comprises current and deferred tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items directly recognized in Equity or in Other Comprehensive Income.

- a) **Current income tax** - Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company off sets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.
- b) **Deferred tax** - Deferred income tax is recognized using the Balance Sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

i. Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the Statement of Profit and Loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

j. Cash flow Statement:

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipt or payments and item of income or expense associated with investing or financing cash-flows. The cash flow from operating, investing and financing activities of the Company are segregated.

k. Revenue Recognition

The Company derives revenue primarily from Information Technology Services and Solutions. The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:



a) Time and materials contracts

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

b) Fixed-price contracts

Revenues from fixed price contracts are recognised over the life of the contract using percentage of completion method, with contract costs determining the stage of completion at the end of the reporting period. Foreseeable losses on such contracts are recognised when probable.

c) Hardware/software products and licenses

Revenues from sale of product and licenses are recognised on transfer of significant risks and rewards of ownership to the buyers, which generally coincides with delivery where there is no customization required. In case of customization the same is recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

d) Maintenance Contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract using the "percentage-of- completion" method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

Revenues are reported net of GST and applicable discounts and allowances.

I. Borrowing Costs:

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

m. Foreign Currency transactions and translations

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit and Loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

n. Finance Income and expense

Finance income consists of interest income on funds invested, dividend income and gains on the disposal of FVTPL financial assets. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method.

Dividend income is recognized in the statement of profit and loss on the date that the Company's right to receive payment is established.

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method.

**o. Share based payments**

Employees of the Company receive remuneration in the form of cash settled share based transaction, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The equity instruments are granted by the Employee Welfare Trust.

The expense is recognized in the Statement of Profit and Loss with a corresponding increase to the share based payment reserve, a component of equity.

The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization).

The fair value of the amount payable to the employees in respect of Stock Appreciation Rights (SAR), which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SAR plan. Any changes in the liability are recognized in Statement of Profit and Loss.

p. Impairment

- a) Financial assets : In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss.

The Company assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company recognizes lifetime expected credit losses for all trade receivables and / or other contract assets that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ECL allowance (or reversal) is recognised as income / expense in the Statment of Profit and Loss.

- b) Non-financial assets: The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

q. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of computing diluted earnings per share, profit / (loss) after tax (including the post tax effect of extraordinary items, if any) and the weighted average number of equity shares outstanding during the



year are adjusted for the effects of all dilutive potential equity shares.

r. Contingent Liabilities

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

s. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognize a contingent asset.

t. Research & development expenses

Research expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use.

u. Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

v. First-time adoption - mandatory exceptions, optional exemptions

The Standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended, read with relevant rules issued thereunder in terms of the SEBI LODR, as modified by Circular No CIR/CFD/FAC/62/2016 dated July 5, 2016.

For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the then applicable Accounting Standards in India ('previous GAAP'). The adoption of Ind AS was carried out in accordance with Ind AS 101, considering April 1, 2016 as the transition date. Pursuant to adoption of Ind AS, the differences in the carrying amounts of assets and liabilities on the transition date under the previous GAAP and the balances on adoption of Ind AS have been recognised directly in equity. The financial statements for the year ended March 31, 2018, March 31, 2017 and as at April 1, 2016 have been presented under Ind AS for comparative purposes. Accounting policies have been applied consistently to all periods presented in these Standalone Financial Results.

In preparing the opening Ind AS statement of financial position, adjustments are carried out to the amounts reported in financial statements prepared in accordance with previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in Note No 38.

w. New standards and interpretations not yet adopted

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the effect of this on the financial statements.



Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application - and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs. The standard is effective for annual periods beginning on or after April 1, 2018. The Company is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

3 Property, plant and equipment

Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total
Cost as at March 31, 2016	947.12	1,059.94	913.32	1,816.48	215.02	4,951.88
Additions		9.89				9.89
Disposals						
Cost as at March 31, 2017	947.12	1,069.83	913.32	1,816.48	215.02	4,961.77
Additions		26.32		0.82		27.14
Disposals		643.37	170.15	108.34		921.85
Cost as at March 31, 2018	947.12	452.78	743.17	1,708.96	215.02	4,067.06
Depreciation/Amortisation						
Cost as at March 31, 2016	48.66	876.76	736.45	1,695.76	204.27	3,561.90
Charge for the year	11.10	46.25	61.49	19.49		138.33
On disposals						-
As at March 31, 2017	59.76	923.01	797.94	1,715.25	204.27	3,700.23
Charge for the year	11.10	17.88	35.63	3.46	-	68.06
On disposals		545.56	175.20	72.68		793.44
As at March 31, 2018	70.86	395.32	658.37	1,646.03	204.27	2,974.85
Net Block						
As at April 1, 2016	898.46	183.18	176.87	120.72	10.75	1,389.98
As at March 31, 2017	887.36	146.83	115.38	101.23	10.75	1,261.55
As at March 31, 2018	876.26	57.46	84.80	62.93	10.75	1,092.20

4 Intangible assets & Goodwill

Particulars	Intangible Assets	Goodwill	Total
Cost as at April 1, 2016	72,945.76	15,039.76	87,985.52
Additions	-	-	-
Disposals			
Cost as at March 31, 2017	72,945.76	15,039.76	87,985.52
Additions	110.90	-	110.90
Disposals	4,656.00	13,708.81	18,364.81
Cost as at March 31, 2018	68,400.66	1,330.95	69,731.61
Depreciation/Amortisation			
As at March 31, 2016	60,893.47	-	60,893.47
Charge for the year	2,903.04	-	2,903.04
Ind AS Adjustments			-
On disposals	-	-	-
As at March 31, 2017	63,796.51	-	63,796.51
Charge for the year	1,396.36	-	1,396.36
On disposals	2,084.25	-	2,084.25
As at March 31, 2018	63,108.62	-	63,108.62
Net Block			
As at March 31, 2016	12,052.29	15,039.76	27,092.05
As at March 31, 2017	9,149.25	15,039.76	24,189.01
As at March 31, 2018	5,292.04	1,330.95	6,622.99



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
5 Capital Work-in-progress			
Software	5,042.44	22,458.78	22,305.78
	5,042.44	22,458.78	22,305.78
6 Deferred Tax - Net *			
Deferred Tax Asset			
Carried Forward Losses	10,141.49	10,877.39	11,562.20
Expenditure allowed for tax on accrual basis	17,108.59	17,845.65	14,639.58
Others	11,049.44	8,434.30	7,627.58
	38,299.51	37,157.34	33,829.35
Deferred Tax Liability			
On Property, Plant and Equipments	44.66	4.07	277.27
	44.66	4.07	277.27
Net deferred tax (liability) / Asset	38,254.85	37,153.27	33,552.08
7 Non-current investments			
Trade, Long term, Unquoted at Cost			
147 Equity shares of UAE Dirham 1,000/- each fully paid up of Cranes Software Middle East LLC - UAE (As at March 31, 2017 -147 Equity shares of UAE Dirham 1,000/- each fully paid up)	17.86	17.86	17.86
	17.86	17.86	17.86
Total non-current investments			
Aggregate cost of unquoted investments	17.86	17.86	17.86
8 Other Non-current assets - Financial Assets (Unsecured, considered good unless otherwise stated)			
Earnest Money Deposits	42.42	51.00	54.27
Security Deposits	19.68	48.35	49.14
Unamortised Expenses	192.31	192.31	192.31
MAT Credit Entitlement	640.00	640.00	640.00
	894.41	931.66	935.72
9 Inventories			
Stock in Trade	-	219.03	337.60
	-	219.03	337.60
Inventory comprise of Traded goods			
Hardware Products	-	40.01	-
Software Product	-	179.02	337.60
	-	219.03	337.60



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
10 Trade receivables			
Unsecured			
Considered Good	3,611.35	8,011.50	9,266.68
Considered Doubtful	31,173.00	31,284.63	31,261.27
	34,784.35	39,296.13	40,527.95
Less: Allowances for Credit Loss	(31,173.00)	(31,284.63)	(31,261.27)
	3,611.35	8,011.50	9,266.68
11A Cash and cash equivalents			
Cash on hand	0.86	8.01	1.33
Balances with banks			
In current accounts	117.28	512.66	1,220.63
11B Other bank balances			
More than 3 months but less than 12 months	95.79	38.82	118.63
Unpaid Dividend Account	6.97	7.55	7.25
	220.90	567.04	1,347.84
12 Other current assets			
(Unsecured, considered good)			
Prepaid expenses	7.83	491.60	504.22
Advance towards expenses	109.74	72.95	227.15
Other advances	304.80	342.20	3,914.30
Balance with govt authorities	13.59	22.75	29.24
	435.96	929.50	4,674.91
13 Capital			
Authorised Share Capital			
165,000,000 (165,000,000) Equity shares of Rs. 2 each	3,300.00	3,300.00	3,300.00
2,00,000 (2,00,000) Preference shares of Rs. 100 each	200.00	200.00	200.00
	3,500.00	3,500.00	3,500.00
Issued Share Capital			
117,766,850 (117,766,850) Equity shares of Rs. 2 each	2,355.34	2,355.34	2,355.34
	2,355.34	2,355.34	2,355.34
Subscribed and fully paid up share capital			
117,766,850 (117,766,850) Equity shares of Rs. 2 each	2,355.34	2,355.34	2,355.34
	2,355.34	2,355.34	2,355.34
Notes:			
(a) Reconciliation of number of equity shares subscribed			
Balance as at the beginning of the year	117,766,850	117,766,850	117,766,850
Add: Issued during the year	-	-	-
Balance at the end of the year	117,766,850	117,766,850	117,766,850
(b) There are no bonus shares, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.			



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

(c) Shareholders holding more than 5% of the total share capital

Name of the share holder	March 31, 2018		March 31, 2017	
	No of shares	% of Holding	No of shares	% of Holding
IBC Knowledge Park Private Limited	12,784,740	11%	12,784,740	11%
Bank of India	11,291,723	10%	11,291,723	10%

(d) Rights, preferences and restrictions in respect of equity shares issued by the Company

The company has only one class of equity shares having a par value of Rs.2 each. The equity shares of the company having par value of Rs.2/- rank pari-passu in all respects including voting rights and entitlement to dividend.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
14 Other Equity			
a) General reserve	18,430.00	18,430.00	18,430.00
b) Securities Premium Reserve	17,898.26	17,898.26	17,898.26
c) FCCB Premium Redemption Reserve	2,400.00	2,400.00	2,400.00
d) Foreign Currency Translation Reserve	2,837.16	2,584.14	261.92
e) Retained earnings	(109,485.54)	(101,660.27)	(92,688.95)
	(67,920.12)	(60,347.87)	(53,698.77)
a) General reserve			
Balance at the beginning of the year	18,430.00	18,430.00	18,430.00
Additions during the year			-
Transfer of General Reserve on account of merger			
Balance at the end of the year	18,430.00	18,430.00	18,430.00
b) Securities Premium Reserve			
Balance at the beginning and beginning of the year	17,898.26	17,898.26	17,898.26
Additions during the year			
Transfer of General Reserve on account of merger			
Balance at the end of the year	17,898.26	17,898.26	17,898.26
c) FCCB Premium Redemption Reserve			
Balance at the beginning of the year	2,400.00	2,400.00	2,400.00
Add: Transfer of capital reserve on account of merger	-		-
Balance at the end of the year	2,400.00	2,400.00	2,400.00
d) Foreign Currency Translation Reserve			
Balance at the beginning of the year	2,584.14	261.92	257.67
Transfer on account of Adjustment	253.02	2,322.22	4.25
Balance at the end of the year	2,837.16	2,584.14	261.92
e) Retained earnings			
Balance at the beginning of the year	(101,660.27)	(92,688.95)	(57,236.21)
Net profit for the period	(7,825.26)	(8,971.33)	(11,205.91)
Ind AS adjustments	-	-	(24,246.83)
Balance at the end of the year	(109,485.54)	(101,660.27)	(92,688.95)
15 Provisions (Non -current)			
Provision for Employee Benefits			
Compensated absences	6.99	7.39	6.61
Gratuity	18.49	23.54	28.56
	25.48	30.93	35.17



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
16 Current liabilities - Financial Liabilities: Borrowings *			
Secured			
Loans repayable on demand			
From Banks	-	1,691.03	1,183.99
Unsecured			
CSIL Employees Comprehensive Gratuity Trust	43.78	43.78	43.78
	43.78	1,734.80	1,227.77
17 Trade payables			
Trade payables *	1,243.58	1,563.77	1,874.43
	1,243.58	1,563.77	1,874.43
18 Other current liabilities			
Current maturities of long term debt			
Bondholders of Foreign Currency Convertible Bonds (42,000 units of 1,000/- Euros each fully paid up)	29,085.00	29,085.00	31,542.00
Interest payable to FCCB Bondholders	9,609.75	9,609.75	8,905.00
Foreign Currency Term Loan from UPS Capital	620.53	584.46	2,030.25
Books Overdraft			
Term Loans from Banks, Financial Institutions and Asset Reconstruction company			
Bank of India	33,866.13	33,866.13	29,392.00
International Assets Reconstruction Company Pvt Ltd	-	5,961.96	5,157.50
Canara Bank	9,203.58	9,203.58	7,902.08
Industrial Development Bank of India	6,281.23	6,281.23	5,392.98
State Bank of India (Formerly State Bank of Mysore)	5,429.96	5,429.96	4,768.13
Jammu and Kashmir Bank Limited	-	6,757.57	3,710.26
Cash Credit facilities from Banks			
Bank of India	7,735.86	7,735.86	6,809.98
State Bank of India (Formerly State Bank of Travancore)	7,018.61	7,018.61	6,194.04
Advance from customers	210.58	212.49	211.59
Employee payables	1,631.03	1,629.89	1,586.71
Directors Current Account	3,651.62	3,651.62	3,651.62
Directors Remuneration Payable	315.84	305.44	299.94
Amounts due and payable to Investor			
Education and Protection Fund	7.21	7.21	7.21
Statutory dues payable	918.07	939.81	874.49
Unpaid Dividend Distribution Tax	273.88	273.88	273.88
Others	4,412.00	21,778.23	30,331.24
	120,270.90	150,332.69	149,040.91
19 Provisions (Current)			
Provision for tax	169.90	63.94	74.90
Provision for gratuity	3.46	4.21	9.63
Provision for compensated absense leave	0.65	1.39	1.15
	174.01	69.54	85.67



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
20 Revenue from operations		
Sale of Licenses		
Domestic	130.49	130.56
Export	16,556.32	32,157.80
Sale of services	363.33	259.94
	17,050.14	32,548.29
21 Other income		
Interest Income [refer note 21 (a) below]	5,316.96	13.06
Other non-operating Income [refer note 21 (b) below]	3,971.23	2,238.45
	7,288.18	2,251.51
21 (a) Interest Income		
Interest on Fixed Deposit	3.35	13.06
Interest received-Others	10.26	-
Interest from Income tax refund	2.12	-
Interest on Bank loans written back	5,301.22	-
	5,316.96	13.06
22 (b) Other non-operating Income		
Rent Receipts	31.89	30.89
Gratuity Written back	6.30	10.44
Leave Encashment Written back	0.36	-
Expenses Reimbursement	9.81	-
Exchange Gain (Net)	153.71	2,158.19
Other income	1,331.21	16.94
Loan Principal Writeback	2,433.17	-
Balance no longer payable written Back	4.77	21.99
	3,971.23	2,238.45
22 Changes in inventories of work-in-progress, stock in trade and finished goods Opening Balance		
Stock in trade	219.03	337.60
	219.03	337.60
Closing Balance		
Stock in trade	-	219.03
	-	219.03
Changes in inventories	(219.03)	(118.56)



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
23 Employee benefits expense		
Salaries, wages and bonus	3,370.54	5371.90
Director Remuneration	19.57	30.00
Contribution to Provident Fund	236.08	295.74
Staff welfare expenses	880.17	208.41
Leave Encashment paid	-	1.90
	3,714.36	5,907.95
24 Finance Cost		
Interest on borrowings	34.12	12,166.77
Interest on Statutory dues	16.96	-
Interest to others	99.45	-
Bank Charges	0.22	-
	150.76	12,166.77
4 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	68.06	138.33
Amortization of Intangible assets	1,396.36	2,903.04
	1,464.43	3,041.37
25 Other expenses		
Power & Fuel	36.86	35.74
Repairs and Maintenance	13.59	22.30
Legal and General Expenses	409.32	650.37
Insurance	88.35	237.30
Telephone and Communication	83.68	170.46
Travelling & Conveyance expenses	216.83	378.90
Rents	356.01	619.27
Rates and Taxes	82.86	90.10
Auditors Remunerations	7.57	6.65
Advertisement	186.75	337.16
Sundry Balances Writternoff	73.70	-
Allowances for Credit Loss	1,311.35	28.76
Impairment of intangible asset under Development	14,635.13	-
Sales Commission	382.00	648.88
Others	776.85	654.90
	18,660.80	3,880.79



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Auditors' Remuneration		
As Auditor	6.00	6.00
Others	1.57	0.65
	7.57	6.65
26 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	103.53	44.77
Total current tax expense	103.53	44.77
Deferred tax		
Deferred tax recognised for the year	(1,101.58)	(3,662.57)
Total deferred tax expense/(benefit)	(1,101.58)	(3,662.57)
Income tax expense	(998.05)	(3,617.80)
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operations	(8,823.31)	(12,527.75)
Income tax expense calculated at 30.9% (2016-17: 30.9%)	-	-
Effect of carried forward losses not recognise expenses that are not deductible in determining taxable profit	103.53	44.77
Income tax expense	103.53	44.77
c) Income tax recognised in other comprehensive income		
Deferred tax		
Remeasurement of defined benefit obligation`	-	-
Total income tax recognised in other comprehensive income	-	-
d) Movement of deferred tax expense during the year ended March 31, 2018		

Deferred tax (liabilities) / assets in relation to	Opening Balance	Recognised in Profit or loss	Recognised in other comprehensive Income	Closing balance
Property, plant, and equipment and Intangible Assets	(4.07)	48.74	-	44.66
Expenses allowable on Payment basis	17,845.65	(737.06)	-	17,108.59
Provision for Retirement Benefits	19.69	(4.13)	-	15.56
Provision For Bad Debts	8,414.61	2,529.94	-	10,944.55
Brought forward losses	10,877.39	(735.91)	-	10,141.49
	37,153.27	1,101.58	-	38,254.85
MAT Credit entitlement	-	-	-	-
	37,153.27	1,101.58	-	38,254.85



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

e) Movement of deferred tax expense during the year ended March 31, 2017

Deferred tax (liabilities)/ assets in relation to	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive Income	Closing balance
Property, plant, and equipment and Intangible Assets	(277.27)	273.19	-	(4.07)
Expenses allowable on Payment basis	14,639.58	3,206.08	-	17,845.65
Provision for Retirement Benefits	24.09	(4.40)	-	19.69
Provision For Bad Debts	7,603.49	811.13	-	8,414.61
Brought forward losses	11,562.20	(684.81)	-	10,877.39
	33,552.08	3,601.19	-	37,153.27
MAT Credit entitlement	-	-	-	-
	33,552.08	3,601.19	-	37,153.27

f) Unused tax credits

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
27 Earnings per share		
Profit for the year attributable to owners of the Company	(7,825.26)	(8,971.33)
Weighted average number of ordinary shares outstanding	117,766,850	117,766,850
Basic earnings per share (Rs)	(6.64)	(7.62)
Diluted earnings per share (Rs)	(6.64)	(7.62)
28 Earnings in foreign currency		
FOB value of exports	510.63	583.88
	510.63	583.88
29 Expenditure in foreign currency		
Interest	34.12	1,501.14
	34.12	1,501.14



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

30 Commitments and contingent liability

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Contingent Liability *		
Bank Guarantees	6.17	38.82
Disputed demands from Service tax authorities	2,017.03	2,017.03
Disputed demands from Income tax authorities	-	6,728.44
Directorate of Enforcement	580.00	580.00
Undisputed Statutory Dues remaining unpaid as at March 31, 2018		
Employee's Provident Fund & Miscellaneous Provision Act	29.62	35.46
Commercial Taxes Act	1.83	2.57
Employees State Insurance Act	8.08	6.21
Income Tax Act	292.94	308.31
Service Tax Act	239.48	233.18
Karnataka State Commercial Taxes Act	84.25	85.42
Income Tax Act	522.23	89.02
Wealth Tax Act	0.45	0.88
Income Tax Act	273.88	273.88
Income Tax Act	-	0.41
Investor Education Protection Fund	7.21	7.21
Goods and Service Tax Act	40.50	-

* The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the company is not probable and accordingly, no provision for the same is considered necessary.

Name of Institution	Amount of Claim (In Lakhs)	In which Forum
A. Under Section 434 of Companies Act, 1956		
1. Bank of New York (Trustee of Foreign Currency Convertible Bondholders)	29,085.00	} High Court, Karnataka
2. Bank of India	22,280.03	
3. Canara Bank	2,617.08	
B. Under Section 138 of Negotiable Instruments Act, 1881		
1. State Bank of India (Formerly State Bank of Mysore)	2,500.00	} Metropolitan Court, Bangalore
2. Canara Bank	1,400.00	
3. Bank of India	500.00	
4. IDBI	432.00	
C. Under Debt Recovery Act, 1993		
1. Canara Bank	2,933.38	} Debt Recovery Tribunal
2. Bank of India	19,688.48	
3. State Bank of India (Formerly State Bank of Mysore)	3,107.97	
4. State Bank of India (Formerly State Bank of Travancore) (also under NCLT)	3,212.31	
5. IDBI Bank	2,211.43	
D. Special Court for Economic Offenses		
SEBI	235.53	



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

- 31 Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) The principal amount remaining unpaid at the end	-	-
(b) The delayed payments of principal amount paid	-	-
(c) Interest actually paid under Section 16 of MSMED	-	-
(d) Normal Interest due and payable during the year, for all the delayed payments, as per the agreed terms	-	-
(e) Total interest accrued during the year and	-	-

*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

32 Operating Segments

The Business of the Company falls under a single primary segment i.e. IT/ITES in accordance with Ind AS 108 'Operating Segments' and hence reporting on various segment do not arise.

33 Impairment of Assets

The company assessed its intangible assets under development for impairment as at 31st March 2018 and has recognised impairment loss of Rs. 14,635.13 lakhs in the books of accounts (Refer "Impairment of Intangible Asset under development" under note No. 25).

34 Operating lease arrangements (as lessor)

The Company has given certain properties on operating lease arrangements. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties. The total lease income recognised on such contracts for the year is Rs. 31.89 Lakhs (Previous year Rs. 30.89 Lakhs).

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

36 Foreign Currency Convertible Bonds

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

During March 2011, the convertible foreign currency bonds had become due for conversion to Equity Shares and none of the bond holders have exercised their option for conversion. Correspondingly, the amounts had become due for payment as on the closure of such exercise and is yet to be redeemed as on the date of the balance sheet. These funds fall within the meaning of 'deposit' as defined under section 73 of the Companies Act 2013. The Company has not complied with the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

37 Financial Instruments

Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long-term borrowings and other short-term borrowings.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Gearing Ratio:	March 31, 2018	March 31, 2017
Debt	-	-
Less: Cash and bank balances	118.14	520.67
Net debt	(118.14)	(520.67)
Total equity	(65,564.78)	(57,992.54)
Net debt to equity ratio (%)	0.18%	0.90%

Categories of Financial Instruments	March 31, 2018	March 31, 2017
Financial assets		
a. Measured at amortised cost		
Other non-current financial assets	894.41	931.66
Trade receivables	3,611.35	8,011.50
Cash and cash equivalents	118.14	520.67
Other financial assets	-	-
b. Mandatorily measured at fair value through profit or loss (FVTPL)		
Investments	17.86	17.86
Derivative instruments	-	-
Financial liabilities		
a. Measured at amortised cost		
Borrowings (short term)	43.78	1,734.80
Trade payables	1,243.58	1,563.77
b. Mandatorily measured at fair value through profit or loss (FVTPL)		
Derivative instruments	-	-

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments and forward contracts to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

NOTES TO FINANCIAL STATEMENTS

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(All amounts are in lakhs of Indian Rupees, unless otherwise stated)



Disclosure of hedged and unhedged foreign currency exposure

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Currency	Gross Exposure	Liabilities Exposure hedged using derivatives	Net Liability exposure currency	Gross Exposure	Assets Exposure hedged using derivatives	Net asset exposure on the currency	Net overall Exposure on the currency net assets / (net liabilities)
USD	9.92	-	9.92	340.10	-	340.10	330.18
Euro	479.59	-	479.59	11.64	-	11.64	(467.95)
Pound	-	-	-	3.82	-	3.82	3.82
AED	-	-	-	2.95	-	2.95	2.95
Singapore Dollars	0.01	-	0.01	6.42	-	6.42	6.41
In INR (Rs. In lacs)	77,975.95	-	77,975.95	23,783.84	-	23,783.84	(54,192.11)
As on March 31, 2017							
Currency	Gross Exposure	Liabilities Exposure hedged using derivatives	Net Liability exposure currency	Gross Exposure	Assets Exposure hedged using derivatives	Net asset exposure on the currency	Rs In Lakhs Net overall Exposure on the currency net assets / (net liabilities)
USD	9.41	-	9.41	813.66	-	813.66	804.24
Euro	558.85	-	558.85	100.74	-	100.74	(458.11)
Pound	-	-	-	3.09	-	3.09	3.09
AED	-	-	-	2.95	-	2.95	2.95
Singapore Dollars	0.01	-	0.01	6.42	-	6.42	6.41
In INR (Rs. In lacs)	39,311.15	-	39,311.15	60,334.17	-	60,334.17	21,023.02



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of borrowings. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks, mutual fund investments, investments in debt securities and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

(a) Trade Receivables

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits.

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

(b) Investments, Derivative Instruments, Cash and Cash Equivalents and Bank deposits

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Credit Risk on Derivative Instruments is generally low as the Company enters into the Derivative Contracts with the reputed Banks.



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

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Investments of surplus funds are made only with approved Financial Institutions/ Counterparty. The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt and arbitrage categories and restricts the exposure in equity markets.

Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal mark to market risks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

38 Related party disclosures

(a) Name of related party and nature of relationship

Key management personnel

Asif Khader	Managing Director
Mueed Khader	Director
Mukkaram Jan	Director
P Phaneendra	Company Secretary

Other Enterprises with which promoter has significant influence

Systat Software Inc, USA
Systat Software Asia Pacific Limited
Cranes Software International Pte Ltd., Singapore
Systat Software GmbH, Germany
Cranes Software Inc
Analytix Systems Private Limited
Tilak Autotech Private Limited
Caravel Info Systems Pvt Ltd
Proland Software Pvt Ltd
Esqube Communication Solutions Pvt Ltd

Other Enterprises which are Indirect Subsidiaries

Systat Software UK Ltd

Other Related Parties

Orca Infotech Private Limited
K & J Holdings Private Limited
K & J Telecom Private Limited
Jansons Land & Property Development Pvt Ltd
SPSS South Asia Private Limited
Keysoft Solutions Private Limited
Spice Capital Fund Private Limited
Sea Equity Private Limited
Samra Investment Bangalore Pvt Ltd
Source Majeure Software Pvt Ltd
Predictive Analytics Solutions Pvt Ltd



NOTES TO FINANCIAL STATEMENTS

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39 Retirement benefit plans

Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund and super annuation fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident Fund.

The total expense recognised in profit or loss of Rs.6.30 Lakhs (for the year ended March 31, 2017: Rs. 10.44 Lakhs) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans

(a) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	March 31, 2018	March 31, 2017
Discount Rate	7.73% p.a	6.68% p.a.
Rate of increase in compensation level	4.00% p.a	4.00% p.a.
Rate of Return on Plan Assets	6.68% p.a	7.73% p.a.
Attrition rate	2.00% p.a	2.00% p.a.



NOTES TO FINANCIAL STATEMENTS

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(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. **Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:**

	March 31, 2018	March 31, 2017
Current service cost	2.19	3.35
Net interest expense	1.43	2.30
Return on plan assets (excluding amounts included in net interest expense)	(0.56)	(0.43)
Components of defined benefit costs recognised in profit or loss	3.06	5.22
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	(9.36)	(15.65)
Components of defined benefit costs recognised in other comprehensive income	(9.36)	(15.65)
	(6.30)	(10.44)

- i) The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.
- ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Present value of defined benefit obligation	15.05	21.35
Fair value of plan assets	(7.24)	(7.24)
Net liability/ (asset) arising from defined benefit obligation	7.81	14.11
Funded	7.81	14.11
Unfunded	-	-
	7.81	14.11

The above provisions are reflected under 'Provision for employee benefits- gratuity' as per details below

Long term provisions (refer note 19)	18.49	23.54
Short term provisions (refer note 24)	3.46	4.21
	21.95	27.75



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Movements in the present value of the defined benefit obligation in the current year were as follows:

Opening defined benefit obligation	21.35	30.97
Present value of obligation of subsidiary companies taken over	-	-
Current service cost	2.19	3.35
Interest cost	1.43	2.30
Actuarial (gains) /losses	-9.92	-15.26
Benefits paid	-	-
Others	-	-
Closing defined benefit obligation	15.05	21.35
	March 31, 2018	March 31, 2017

Movements in the fair value of the plan assets in the current year were as follows:

Opening fair value of plan assets	7.24	6.42
Fair Value of Plan Assets of Subsidiary company taken over	-	-
Return on plan assets	0.56	0.43
Contributions	-	-
Benefits paid	-	-
Actuarial gains/(loss)	(0.56)	0.39
Others	-	-
Closing fair value of plan assets	7.24	7.24

Sensitivity analysis

In view of the fact that the Company for preparing the sensitivity analysis considers the present value of the defined benefit obligation which has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(b) Compensated absences

The leave scheme is a final salary defined benefit plan, that provides for a lumpsum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count at the time of separation and paid as lumpsum.

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense recognised during the year is Rs.7.49 Lakhs (previous year Rs.8.77 Lakhs)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

The design entitles the following risk

Interest rate risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

	March 31, 2018 Rs. Lakhs	March 31, 2017 Rs. Lakhs
Current service cost	0.84	0.94
Net interest expense	0.28	0.24
Return on plan assets (excluding amounts included in net interest expense)	-	-
Components of defined benefit costs recognised in profit or loss	1.12	1.18
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	(2.41)	(0.16)
Components of defined benefit costs recognised in other comprehensive income	(2.41)	(0.16)
	(1.29)	1.02

- i) The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.
- ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Present value of defined benefit obligation	2.96	4.26
Fair value of plan assets	-	-
Net liability/ (asset) arising from defined benefit obligation	2.96	4.26
Funded	2.96	4.26
Unfunded	-	-
	2.96	4.26



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

The above provisions are reflected under 'Provision for employee benefits- gratuity' as per details below

Long term provisions (refer note 19)	6.99	7.39
Short term provisions (refer note 24)	0.65	1.39
	7.64	8.77

Movements in the present value of the defined benefit obligation in the current year were as follows:

Opening defined benefit obligation	4.26	3.23
Present value of obligation of subsidiary companies taken over	-	-
Current service cost	0.84	0.94
Interest cost	0.28	0.24
Actuarial (gains) /losses	(2.41)	(0.16)
Benefits paid	-	-
Others	-	-
Closing defined benefit obligation	2.96	4.26

40 First-time adoption of Ind AS Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (The company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards generally applicable to the Company (as amended from time to time) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost for Property, Plant and Equipment (PPE)

Ind AS 101 permits a first-time adopter to elect to fair value a class of property, plant and equipment or to continue with the carrying value for all of its PPE as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

The company has not elected to fair value its property, plant and equipment as on the date of transition. The company has impaired its intangible Assets under development.

A.1.2. Deemed cost for Intangible Assets

Ind AS 101 permits a first-time adopter to elect to fair value the intangible assets or to continue with the carrying value as per the previous GAAP as deemed cost on the date of transition.



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

The company has elected to continue the carrying value on the date of transition as per previous GAAP as deemed cost.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

B. Notes to first-time adoption

B.1 Fair valuation of property, plant and equipment as deemed cost

As per Ind AS, the company is allowed to elect the option of fair value any class of its PPE on the date of transition and treat it as deemed cost under Ind AS. The company has not elected to fair value its property, plant and equipment as on the date of transition. No consequential impact has been considered in the opening retained earnings.

B.2 Trade receivables

As per Ind AS 109, The company is required to apply expected credit loss model for recognising the allowance for doubtful debts. Accordingly, the Company has developed an assessment for allowance for expected credit loss. The same has been considered in the opening and comparative period financial statements.

B.3 Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Adjustments have been made for such re-classifications. However, this has no effect on the profits and equity as per Ind AS.

B.4 Fair valuation of financial assets and liabilities

Under Ind AS, financial assets and liabilities are to be valued at amortised cost or fair valued through profit and loss (FVTPL) or fair valued through other comprehensive income (FVTOCI) based on the Company's business objectives and the cash flow characteristics of the underlying financial assets and liabilities. Accordingly, the Company has remeasured the financial assets and liabilities as on the date of transition and the consequential impact has been given in the opening retained earnings.

B.5 Transaction costs in respect of financial instruments

Under the previous GAAP, transaction costs in relation to financial liabilities are charged to the profit and loss in the year in which they are incurred. As per Ind AS 109, transaction costs in relation to financial liabilities are to be reduced from the related financial liabilities and amortised over the repayment period of the said liability. The same has been considered in the opening and comparative period financial statements.



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

B.6 Deferred tax and MAT Credit Entitlement

Under Ind AS, the deferred tax asset and liabilities are required to be accounted based on balance sheet approach. The Company is also required to remeasure the carrying amount of MAT credit entitlement as per Ind AS. Accordingly, the Company has remeasured its deferred tax assets and liabilities as aforesaid and accounted in the Ind AS financial statements.

41 Key reconciliation required as per Ind AS 101 on transition to Ind AS

	As at March 31, 2017	As at April 1, 2016
(a) Reconciliation of equity		
Total equity / shareholders' funds as per Indian GAAP	(36,101.04)	(29,451.94)
Ind AS Adjustments		
Impact of valuation of Intangible assets under Development	(268.00)	(268.00)
Allowances for Credit Loss	(23,978.83)	(23,978.83)
Total equity/ shareholders' funds as per Ind AS	(60,347.87)	(53,698.77)
(b) Reconciliation of Profits		
	For the year ended March 31, 2018	For the year ended March 31, 2017
Total comprehensive income as per Indian GAAP	(7,825.26)	(8,971.33)
Ind AS Adjustments	-	-
Total comprehensive income as per Ind AS	(7,825.26)	(8,971.33)

For and on behalf of the board

As per our report of even date attached
For M/s. Sethia Prabhad Hegde & Co
 Chartered Accountants
 Firm Registration No. 013367S

Timmayya Hegde
 Partner
 Membership No. 226267

Place: Bangalore
 Date: May 30, 2018

For and on behalf of the Board

Asif Khader
 Managing Director
 DIN : 00104893

Place: Bangalore
 Date: May 30, 2018

Mueed Khader
 Director
 DIN : 00106674

P. Phaneendra
 Company Secretary



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

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

Name of the Subsidiary Company	Systat Software GmbH	Systat Software Inc	Systat Software Asia Pacific Ltd	Cranes Software International Pte Ltd	Caravel Info Systems Pvt. Ltd.	Cranes Software Inc	Tilak Autotech Pvt. Ltd.	Analytix Systems Pvt. Ltd.	Proland Software Pvt. Ltd.	Esquebe Communication Solutions Pvt. Ltd.	Cranes Varsity Pvt. Ltd.
Reporting Currency	EURO	USD	INR	SGD	INR	USD	INR	INR	INR	INR	INR
Financial period ended	31.3.2018	31.3.2018	31.3.2018	31.3.2018	31.3.2018	31.3.2018	31.3.2018	31.3.2018	31.3.2018	31.3.2018	31.3.2018
Issued & Subscribed Capital	25,000	974,166	3,800,000	165,692	1,200,000	2,691,855	100,000	200,000	484,000	117,650	100,000
Reserves	135,950	(10,402,810)	1,422,143	(1,263,847)	(39,348,089)	6,129,799	(14,511,363)	7,137,753	(64,867,819)	(1,339,339)	(26,789)
Total Assets	556,680	10,499,141	5,290,076	3,790,401	47,799,172	9,544,172	2,226,136	7,382,753	3,169,996	21,747,254	88,211
Total Liabilities	556,680	10,499,141	5,290,076	3,790,401	47,799,172	9,544,172	2,226,136	7,382,753	3,169,996	21,747,254	88,211
Investments	-	-	-	-	-	-	-	-	-	-	-
Turover	547,222	2,283,531	-	-	21,860,535	22,772,243	-	-	-	-	-
Profit / (Loss) before Tax	(19,764)	(1,008,643)	(15,000)	-	4,491,952	89,973	3,852,055	6,405,932	(15,000)	3,850,183	(26,789)
Provision for Tax	(104,983)	1,029,227	-	-	-	296,802	-	-	-	-	-
Profit / (Loss) After Tax	(124,747)	20,584	(15,000)	-	4,491,952	(206,829)	3,852,055	6,405,932	(15,000)	3,850,183	(26,789)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-



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