

## **BOARD OF DIRECTORS**

Dr. Rudra Pratap	Chairman
Shri Asif Khader	Managing Director
Shri Mukkaram Jan	Director
Shri Mueed Khader	Director
Shri Richard Gall	Director
Ms. Vidya Ramchandran	Director

## **COMPANY SECRETARY**

R. Srinivasan

## **BANKERS**

The Jammu & Kashmir Bank Limited  
Infantry Road Branch  
Bangalore.

## **AUDITORS**

S. Janardhan & Associates  
Apt. No. 104 & 203  
Embassy Centre  
No.11, Crescent Road,  
Bangalore - 560 001.

## **REGISTERED OFFICE**

# 605, Garden View,  
X-13, Shastri Nagar,  
Andheri (West)  
Mumbai - 400 053.

## **HEAD OFFICE**

# 29, 7th Cross,  
14th Main, Vasanthanagar,  
Bangalore - 560 052.

## **REGISTRARS**

M/s Alpha Systems Private Limited  
30, Ramana Residency,  
4th Cross, Sampige Road,  
Malleswaram,  
Bangalore - 560 003.

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

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# CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

## DIRECTORS' REPORT

To The members,

Your Directors have pleasure in presenting the Seventeenth Annual Report together with Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2002.

### FINANCIAL RESULTS:

Rs. In Lacs		
Particulars	Year ended 31.3.2002	Year ended 31.3.2001
Total Revenues	3274.69	602.40
Profit Before Tax	1127.45	9.21
Provision for Tax	109.20	2.41
Profit After Tax	1018.25	6.80

The Scheme of amalgamation of Eider Commercials Limited (ECL) and Cranes Software International Limited (CSIL) was approved by the Hon'ble High Court of Mumbai and Karnataka with effect from 1<sup>st</sup> October 2000, the appointed date. The break up of income given effect to in the profit and loss account for the year ended 31<sup>st</sup> March 2002 is stated below.

Rs. In Lacs

Particulars	Details of erstwhile CSIL for the period from 1.10.2000 to 31.3.2001	Details of erstwhile CSIL for the period from 1.4.2001 to 31.3.2002	Details of ECL for the period from 1.4.2001 to 31.3.2002	Total
Revenues	955.08	2,319.08	0.53	3,274.69
Expenditure	660.67	1,486.16	0.41	2,147.24
Profit Before Tax	294.41	832.92	0.12	1,127.45

In view of the aforesaid amalgamation w.e.f. 1<sup>st</sup> October 2000, the figures for the current year are not comparable to those of the previous year.

### REVIEW OF OPERATIONS AND BUSINESS PROSPECTS:

Your Company has maintained satisfactory progress during the year. Your company management is continuously progressing in market penetration both in national and international markets.

The Company's sales performance in MATLAB products to software industries, educational institutions/sectors and financial segments is increasing consistently. The MATLAB family of products has increased due to addition of several toolboxes into new markets like test & measurement, data acquisition and embedded systems. There is a moderate increase in the sales of products of dSPACE & VERTEL.

dSPACE is used for control engineering applications for rapid control prototype and hardware in the loop simulation. Its been popularly used in development of controls in the areas of automotive, locomotive, avionics, robotics, industrial controls, etc.

The company has entered into an agreement with Metaware, Inc. for distributing their products. Metaware has products such as compilers and debuggers for embedded processors. Further it provides complete suit for embedded developments.

Embedded software is one of the emerging markets in India. Towards this scenario, the sales of Nucleus, a Real Time Operating System used in the embedded application, has increased during the previous year.

Further your company has ventured into a business alliance with Advent, Inc. as their distributor and system integrator. Advent has world recognized array of products for end to end networking management solution. Further the arrangement was made with Radioscape Ltd., UK to distribute RadioLab 3G in India. It is a layer one system level design tool set for designing third generation hand set and base stations.

## **CRANES SOFTWARE INTERNATIONAL LIMITED**

(Formerly Eider Commercials Limited)

The Training division of your company, Cranes Varsity has excelled in training students and officials of Various Corporates, Educational & Research Institutes and Public Sector Units, etc. in the areas of Digital Signal Processing (DSP), Real Time Operating System (RTOS), Mathematical Modeling & Simulation (MM&S) and Telecommunications. The training division is well equipped with latest software and hardware tools required for training. Your company was appointed as the Sole Authorised Representative of Texas Instruments DSP University Program in India. Over 50 TI DSP labs were set up in different colleges all over India during the previous financial year. Under this program a seminar conducted on "Careers in DSP & RTOS" at IISc., Bangalore, for the benefit of engineering college students was a huge success with participations from various engineering colleges all over Karnataka.

The Services and Solutions Division (SSD) of your Company has offered solutions to major corporates in India and abroad in the areas of Mathematical Modeling & Simulation and Software Development. This division's accomplishments are into two areas – services and product development. Services cover projects which have been carried out for customers and products cover Cranes in-house developed software/hardware for commercial purposes.

The Board of Directors is doing all it can, despite the recessionary conditions. It is looking at various opportunities for improving current year performance. The Company is strengthening its technical/ marketing team and other resources and the Board expects the current year performance to be an improvement over the previous year.

### **CHANGE IN THE NAME AND OBJECTS OF THE COMPANY**

The name of your Company has been changed to Cranes Software International Limited and to this effect fresh certificate of incorporation consequent on change of name has been obtained from The Registrar of Companies, Maharashtra, Mumbai. Further The Registrar has issued the certificate of Registration for alteration of Objects Clause of the Company.

### **DIVIDEND:**

With a view to conserve funds, the Board has not recommended any dividend on equity shares for the year under review. A fixed dividend of 12% on Preference Shares of Rs.2,00,00,000/- payable for the year ended March 31, 2002 to The Jammu & Kashmir Bank Limited, as per the terms of issue of preference shares has been declared and paid by the Board of erstwhile CSIL, and the members may take note of the payment of preference dividend.

### **SUBSIDIARY COMPANY ACCOUNTS:**

The audited statement of accounts for the year ended 31<sup>st</sup> March 2002 of the subsidiary Companies and other documents, are attached along with the Balance Sheet of the Company.

### **DIRECTORS:**

Ms Vidya Ramchandran, retires by rotation, and being eligible offers herself for re-appointment.

Mr Asif Khader, Mr Mukkaram Jan & Mr Mueed Khader were appointed as additional directors of the Company w.e.f. 30<sup>th</sup> April 2002. Mr Richard Gall was appointed as additional director of the Company w.e.f. 16<sup>th</sup> May 2002 and Dr Rudra Pratap was appointed as an additional director of the Company w.e.f. 21<sup>st</sup> June 2002.

The Company has received notice u/s 257 of the Act from members proposing candidature of all the above for the office of directors in the Company.

Mr Sudhir Goel and Mr Shailesh Daga had resigned from the Board w.e.f. 16<sup>th</sup> May 2002.

### **AUDITORS:**

Pursuant to the scheme of amalgamation M/s S Janardhan & Associates were appointed as Statutory Auditors of the Company in place of M/s A J Baliya & Associates with effect from the effective date and they retire at the conclusion of the ensuing Annual General Meeting. The Board recommends them for re-appointment.

### **DEMATERIALISATION OF SHARES**

With a view to providing better investors service, the Company has admitted its equity shares in the depository system of "Central Depository Services (India) limited" (CDSL) and National Securities Depository Ltd (NSDL). The ISIN number allotted to the Company is "INE234B01015".

**REGISTRAR & SHARE TRANSFER AGENT:**

Your Company has appointed M/s Alpha Systems Private Limited, Bangalore as its Registrar of the Company for providing share transfer as well as demat connectivity with NSDL and CDSL.

**DEPOSITS:**

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

**DIRECTORS' RESPONSIBILITY STATEMENT:**

It is hereby confirmed:

- (i) That the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March 2002 on a going concern basis.

**AUDIT COMMITTEE/CORPORATE GOVERNANCE:**

The Board of Directors have constituted an Audit Committee, comprising three directors viz. Mr Richard Gall, Dr Rudra Pratap and Mr Mueed Khader as per the requirements under Section 292A of the Companies Act, 1956.

Clause 40 of the Listing Agreement with the Stock Exchange dealing with Corporate Governance will be applicable to the Company with effect from the current financial year, i.e., 2002-03.

**PARTICULARS REQUIRED TO BE DISCLOSED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

The information required to be furnished on above is given in Annexure-I and forms part of this Report.

**PARTICULARS OF EMPLOYEES**

The particulars of employees required to be furnished, under Section 217(2A) of the Companies act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is given in Annexure-II and forms part of this report.

**ACKNOWLEDGEMENT**

Your Directors wish to thank the shareholders, customers, suppliers, bankers, the State Government and other Government and business agencies for their continued support during the year. Your directors also place on record their appreciation of the dedicated services of the employees at all levels who have enabled the Company to achieve consistent growth.

For and on behalf of the Board

**Dr Rudra Pratap**  
Chairman

DATE : 28.06.2002

**Annexure I to Directors Report**

**A. Disclosure of particulars with respect to conservation of energy**

Eventhough the operations of your Company are not energy-intensive, adequate measures have been taken to reduce energy consumption by using efficient equipment. As energy cost forms a very small part of total cost, the impact on cost is not material.

**B. Disclosure of particulars with respect to Technology Absorption, Research and Development**

<b>Research and Development (R&amp;D)</b>		
1.	Specific areas in which R&D is carried out by the company	The Company in association with the Centre for Sponsored Schemes and Projects of Indian Institute of Science, Bangalore to build a Micro-Electro-Mechanical Systems (MEMS) design and testing lab to design, simulate, build and test MEMS technologies for commercial product development.
2.	Benefits derived as a result of the above R&D	The Lab will develop tools and technology for design and simulation as well as testing design concepts.
3.	Future plan of action	The project is initially for a period of three years. However, it is the intention of concerned parties to extend the project on mutually beneficial grounds after the initial period of three years and work closely on research that leads to commercial products.
4.	Expenditure on R&D	
	a) Capital	Rs.26,00,000/-
	b) Recurring	-
	c) Total	Rs.26,00,000/-
	d) Total R&D expenditure as a percentage of total turnover	0.79%
<b>Technology absorption, adaptation and innovation</b>		
1.	Efforts, in brief, made towards technology absorption, adaptation and innovation	MEMS sensor technology promises to span all aspects of current technological areas such as communication, controls, biomedical applications, space exploration, defence, environmental monitoring and manipulation, etc.
2.	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.	The entire research work in MEMS technology development is basically motivated by commercial applications. However, there is a lot of work required before the designs of commercial products emerge. The current proposal is aimed at facilitating the development work that precedes product development.
3.	In case of imported technology information needs to be furnished	NA

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

During the year under review, the Company has incurred expenditure in foreign currency of Rs. 14,97,822/- (previous year : Nil) and the earnings in foreign exchange is Rs. 1,00,47,600/- (previous year : Nil).

**Annexure II to Directors Report**

Particulars as required under Section 217 (2A) of the Companies Act, 1956 and the Rules framed thereunder:

Name of the Employee Age Yrs.	Designation	Total Remuneration (Rs.)	Date of commencement of employment	Qualification	Total Experience	Last post held & Designation
Mr Syed Aarif Hashmi 38 yrs	Sr. Vice President	15,27,871/-	15.09.2000	B E	13 years	L & T Information Technology Limited Regional Manager
Mr K S Suresh 34 years	Vice President – Services & Solutions	3,90,490/-*	08.09.2000	B E	12 years	Digital Equipment India Limited Practise Manager

Notes:

Remuneration includes Salary and taxable value of allowances/perquisites.

\* Remuneration for the part of the period.

**Auditors' Report**

We have audited the attached Balance Sheet of M/s.Cranes Software International Limited ( Formerly Eider Commercials Limited ), as at 31<sup>st</sup> March,2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibilities of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to paragraph 1 above, we report that:
  - 2.1 We have obtained all the information and explanations, which to the best of knowledge and belief were necessary for the purpose of our audit;
  - 2.2 In our opinion proper books of account as required by the law have been kept by the company so far as appears from our examination of those books;
  - 2.3 The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and returns.
  - 2.4 In Our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act , 1956;
  - 2.5 On the basis of the written representations received from the directors, as on 31<sup>st</sup> March, 2002 , and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2002 from being appointed as the Director in terms of clause (g) of sub-section (1) of Section 274 of the companies Act, 1956.
  - 2.6 In our opinion and to the best of our information and to the explanations given to us, the said Accounts give the information required, by the Companies Act, 1956, in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India;
    - A. In the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2002; and
    - B. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For **S. Janardhan & Associates**

Chartered Accountants

Place : Bangalore

Date : 28.06.2002

**(Balakrishna S.Bhat)**

Partner

**ANNEXURE TO THE AUDITORS' REPORT**

Re. Cranes Software International Limited  
( formerly Eider Commercials Limited )

(Referred to in paragraph 1 of our report of even date)

01. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year and there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No discrepancies were noticed on such verification.
02. None of the fixed assets have been revalued during the year.
03. Physical inventory of stock of goods has been taken during the year and at the end of the year by the management. In our opinion, the frequency of verification is reasonable.
04. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
05. In our opinion the discrepancies noticed on physical verification of stock as compared to book records were not material and the same have been properly dealt with in the books of accounts.
06. In our opinion and on the basis of our examination of stock records, the valuation of stock is fair and proper, in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
07. The Company has not taken / granted any loans, secured or unsecured from / to Companies, Firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub – section of Section 3 of the Companies Act 1956 provision of this Section are not applicable to the Company on or after 31 – 10 – 1998.
08. The Company has not granted any loans or advances in the nature of loans except interest free staff advances are which being recovered as stipulated.
09. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to purchase of goods and other assets and with regard to the sale of goods.
10. In our opinion and according to information and explanations given to us, the transactions of purchases of goods and materials, and sale of goods, materials or services made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of Companies Act, 1956 and aggregating to Rs. 50,000/- or more during the year in respect of each party, have made at prices which are reasonable having regard to the prevailing market prices for such goods or materials have been made with other parties.
11. As explained to us, the company has a regular procedure for determination of unserviceable or damaged goods. Adequate provisions have been made in accounts for the loss arising on the items so determined.
12. In our opinion, and according to the information and explanations given to us, the company has not accepted any deposit from the public.
13. Since the company does not manufacture any products, there is no scrap or by – products.
14. In our opinion, the company has an inhouse internal audit system commensurate with the size and nature of its business.
15. The Central Government has not prescribed maintenance of cost record as required under section 209 ( 1 ) ( d ) of the Companies Act, 1956.
16. According to the records of Company, Provident Fund and Employees State Insurance dues have been regularly deposited during the year with the appropriate authorities.
17. According to the information and explanations given to us, no undisputed amounts in respect of Income – tax, Wealth – tax, Sales – tax, Customs duty and Excise duty were outstanding as at 31<sup>st</sup> March, 2002, for more than six months from the date they became payable.
18. According to the information and explanations given to us, no personal expenses of directors or employees have been charged to revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practice.
19. The Company is not a sick Industrial Company within the meaning of section ( 3 ) ( 1 ) ( O ) of Sick industrial Companies ( Special Provision ) Act, 1985.
20. According to the information and explanations given to us, there is no damaged goods during the year and hence the Provisions of Para 4 ( c ) ( ii ) is not applicable.

For **S. Janardhan & Associates**  
Chartered Accountants

Place : Bangalore  
Date : 28.06.2002

(**Balakrishna S.Bhat**)  
Partner

# CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

## BALANCE SHEET AS AT 31ST MARCH 2002

Sl. No.	PARTICULARS	Sch No.	Year ended 31.3.2002 Rs.	Year ended 31.3.2002 Rs.	Previous Year 31.3.2001 Rs.	Previous Year 31.3.2001 Rs.
<b>I.</b>	<b>SOURCES OF FUNDS</b>					
1	Shareholders' Funds:					
(a)	Capital	1	104,224,400.00		2,400,000.00	
(b)	Reserves and Surplus	2	165,876,013.95	270,100,413.95	2,949,700.00	5,349,700.00
<b>2</b>	<b>Loan Funds</b>					
(a)	Secured Loans	3	180,704,159.96		0.00	
(b)	Unsecured Loans	4	10,673,373.00	191,377,532.96	0.00	0.00
	<b>TOTAL</b>			461,477,946.91		5,349,700.00
<b>II.</b>	<b>APPLICATION OF FUNDS</b>					
1	Fixed Assets					
(a)	Gross Block	5	212,957,192.71		0.00	
(b)	Less : Depreciation		44,929,827.77		0.00	
(c)	Net Block			168,027,364.94		0.00
(d)	Capital Work in Progress			2,600,000.00		0.00
2	Investments	6		18,409,110.00		5,000.00
<b>3</b>	<b>Current Assets, Loans &amp; Advances:</b>					
(a)	Inventories	7	22,683,000.00		0.00	
(b)	Sundry Debtors	8	185,215,376.61		543,290.00	
(c)	Cash and Bank Balances	9	129,748,796.33		40,642.00	
(d)	Loans and Advances	10	25,300,893.59		5,974,872.00	
			362,948,066.53		6,558,804.00	
	Less : Current Liabilities & Provisions	11				
(a)	Current Liabilities		44,982,391.66		359,904.00	
(b)	Provisions		12,142,454.00		854,200.00	
			57,124,845.66		1,214,104.00	
	<b>Net Current Assets</b>			305,823,220.87		5,344,700.00
4	Deferred Tax (Liability)			(39,095,637.00)		0.00
5	Miscellaneous Expenditure : (To the extent not written off or adjusted)	12		5,713,888.10		0.00
	<b>TOTAL</b>			461,477,946.91		5,349,700.00
	Notes to Accounts & Significant Accounting Policies (Schedule Nos.1 to 19 form an integral part of accounts)	19				

(The results for the year ended 31st March 2002 includes 12 months financials of Eider Commercials Ltd and 18 months financials of the erstwhile Cranes Software International Ltd)

As per our report of even date  
For S. Janardhan & Associates  
Chartered Accountants

For and on behalf of the Board

Place : Bangalore  
Date : 28.06.2002

**Balakrishna S. Bhat**  
Partner

**R. Srinivasan**  
Company Secretary

**Mukkaram Jan**  
Director

**Asif Khader**  
Managing Director