



# Cranes Software International Limited

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26<sup>th</sup> August, 2020

To,  
The Manager  
Department of Corporate Services  
Bombay Stock Exchange Ltd.,  
P J Towers, Dalal Street  
Mumbai – 400 001

Dear Sir,

**Sub: Meeting of the Board of Directors**  
**Ref: Company No. 512093**

Further to our letter dt. 14<sup>th</sup> August, 2020 informing you of the Board of Directors Meeting, we wish to inform you that at the meeting of the Board of Directors held today (26<sup>th</sup> August, 2020), the Board has:

- Approved and taken on record the audited financial results for the year ended 31st March, 2020. The results are enclosed herewith for your information / records.
- The Auditor's Report is also enclosed for your reference.
- The Statement on Impact of Audit Qualifications is enclosed for your reference.
- No dividend payout has been declared for the financial year 2019-2020 in order to conserve cash reserves.
- Cranes Management and Board members regret the delay in hosting this Board meeting. As experienced across the business world, the pandemic has caused disruptions across business operations, including availability and effectiveness of essential staff. Convening the Board meeting with required business data was also unavoidably delayed due to C19 difficulties faced by Board members and global external audit/accounting service providers. The Company shall continue to work on timely Board meetings backed by contemporary business data.

Thanking you,

Yours faithfully,  
For Cranes Software International Ltd.

**Authorised Signatory**  
**Name: Mueed Khader**  
**Designation: Director**



Encl: as above



**CRANES SOFTWARE INTERNATIONAL LIMITED**

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CIN: L05190KA1984PLC031621

**Statement of audited financial results for the quarter and year ended 31st March, 2020**

PART-1

(Rs.In Lakhs)

Particulars	Standalone					Consolidated				
	Quarter Ended			Year Ended		Quarter Ended			Year Ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	Audited	Unaudited	Audited	Audited	Audited	Audited	Unaudited	Audited	Audited	Audited
<b>1 Income from Operations</b>										
(a)Net Sales/Income from Operations	52.61	99.47	195.34	379.79	887.80	562.68	586.34	673.00	2,500.23	2,557.42
(b)Other Income	719.14	105.73	131.50	1,054.38	10,926.12	713.21	70.71	183.39	1,058.44	11,052.00
<b>Total Income</b>	<b>771.75</b>	<b>205.20</b>	<b>326.84</b>	<b>1,434.17</b>	<b>11,813.92</b>	<b>1,275.89</b>	<b>657.05</b>	<b>856.40</b>	<b>3,558.67</b>	<b>13,609.42</b>
<b>2 Expenses</b>										
(a) Cost of materials consumed	-	-	-	-	-	2.08	74.10	151.45	126.69	248.42
(b) Purchase of Stock-in-Trade	-	-	-	-	-	-	-	-	-	-
(c) Changes in inventories of finished goods and work-in-progress	-	-	-	-	-	-	-	-	-	-
(d) Employee benefit expense	93.45	82.50	80.77	324.55	331.58	550.65	388.59	608.67	1,806.65	1,963.33
(e) Finance costs	0.77	-	9.15	0.77	37.06	32.63	-	34.11	32.63	79.77
(f) Depreciation and amortization expense	1.70	2.25	0.61	6.50	29.92	337.26	328.88	327.31	1,315.80	1,322.01
(g) Other expenses	843.05	735.11	1,289.23	1,655.68	2,234.55	260.12	172.81	776.40	784.77	1,447.48
<b>Total Expenses</b>	<b>938.97</b>	<b>819.86</b>	<b>1,379.75</b>	<b>1,987.49</b>	<b>2,633.11</b>	<b>1,182.74</b>	<b>964.38</b>	<b>1,897.94</b>	<b>4,066.53</b>	<b>5,061.01</b>
3 Profit/(Loss) from Ordinary activities before exceptional items & taxes (1-2)	(167.22)	(614.66)	(1,052.91)	(553.32)	9,180.81	93.15	(307.33)	(1,041.55)	(507.86)	8,548.41
4 Exceptional Items	-	-	-	-	-	-	-	-	-	-
5 Profit/(Loss) from ordinary activities before tax (3 - 4)	(167.22)	(614.66)	(1,052.91)	(553.32)	9,180.81	93.15	(307.33)	(1,041.55)	(507.86)	8,548.41
6 Tax expense / (credit)										
(a) Current Tax	(0.59)	-	640.00	(0.59)	640.00	9.94	5.62	558.02	62.58	558.02
(b) Deferred Tax	2,971.37	67.92	5,797.21	3,097.65	10,069.05	2,829.94	80.09	5,786.35	2,968.39	10,069.05
<b>Total tax expenses / (credit)</b>	<b>2,970.79</b>	<b>67.92</b>	<b>6,437.21</b>	<b>3,097.06</b>	<b>10,709.05</b>	<b>2,839.89</b>	<b>85.71</b>	<b>6,344.37</b>	<b>3,030.97</b>	<b>10,627.07</b>
7 Net Profit/(Loss) from ordinary activities after tax (5-6)	(3,138.01)	(682.58)	(7,490.12)	(3,650.38)	(1,528.24)	(2,746.74)	(393.04)	(7,385.91)	(3,538.83)	(2,078.66)
8 Extraordinary Items	-	-	-	-	-	-	-	-	-	-
9 Net Profit/(Loss) for the period (7-8)	(3,138.01)	(682.58)	(7,490.12)	(3,650.38)	(1,528.24)	(2,746.74)	(393.04)	(7,385.91)	(3,538.83)	(2,078.66)
10 Minority Interest	-	-	-	-	-	-	-	-	-	-
11 Net Profit/(Loss) after Taxes, minority interest and share of profit/Loss of associates(9+10)	(3,138.01)	(682.58)	(7,490.12)	(3,650.38)	(1,528.24)	(2,746.74)	(393.04)	(7,385.91)	(3,538.83)	(2,078.66)
12 Total Comprehensive Income for the period [Net of tax]	-	-	-	-	-	-	-	-	-	-
13 Paid-up equity share capital (Face Value of Rs.2/-)	2355.34	2355.34	2355.34	2355.34	2355.34	2355.34	2355.34	2355.34	2355.34	2355.34
14 Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	(64,541.33)	(60,890.95)	-	-	-	(73,489.96)	(69,962.49)
15 Earnings Per Share										
i) Basic	(2.66)	(0.58)	(6.36)	(3.10)	(1.30)	(2.33)	(0.33)	(6.27)	(3.00)	(1.77)
ii)Diluted	(2.66)	(0.58)	(6.36)	(3.10)	(1.30)	(2.33)	(0.33)	(6.27)	(3.00)	(1.77)





**CRANES SOFTWARE INTERNATIONAL LIMITED**

PART-2

SL No	PARTICULARS	3 Months Ended			Year ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
<b>A</b>	<b>PARTICULARS OF SHAREHOLDING</b>					
1	Public Shareholding					
	- Number of shares	110,247,850	110,247,850	110,247,850	110,247,850	110,247,850
	- Percentage of shareholding	93.62%	93.62%	93.62%	93.62%	93.62%
2	Promoters and Promoter Group Shareholding					
	(a) Pledged / Encumbered					
	- Number of shares	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	13.30%	13.30%	13.30%	13.30%	13.30%
	- Percentage of shares (as a % of the total share capital of the company)	0.85%	0.85%	0.85%	0.85%	0.85%
	(b) Non-encumbered					
	- Number of shares	6,519,000	6,519,000	6,519,000	6,519,000	6,519,000
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	86.70%	86.70%	86.70%	86.70%	86.70%
	- Percentage of shares (as a % of the total share capital of the company)	5.54%	5.54%	5.54%	5.54%	5.54%

<b>B INVESTOR COMPLAINTS FOR 3 MONTHS ENDED 31ST MARCH 2020</b>				
	Pending at the beginning of the Quarter	Received during the Quarter	Disposed of during the Quarter	Remaining unresolved at the end of the Quarter
	-	-	-	-





**Cranes Software International Limited**  
Audited Balance Sheet as at 31st March, 2020

(Rs in Lakhs)

Particulars	Standalone		Consolidated	
	As At 31.03.2020	As At 31.03.2019	As At 31.03.2020	As At 31.03.2019
<b>I. ASSETS</b>				
<b>1 Non-current assets</b>				
Property, plant and equipment	32.20	18.20	70.06	57.02
Intangible assets	0.98	1.57	4,894.68	5,986.59
Capital work in progress	5,042.44	5,042.44	5,042.44	5,042.44
Deferred Tax Asset (Net)	22,032.78	25,130.43	25,945.36	28,596.91
Financial Assets				
Investments	8,010.18	8,010.18	17.87	17.87
Other non-current assets	3,660.79	4,507.75	223.66	243.90
<b>Non-current assets</b>	<b>38,779.37</b>	<b>42,710.57</b>	<b>36,194.07</b>	<b>39,944.72</b>
<b>2 Current assets</b>				
Inventories	-	-	-	-
Financial Assets				
Trade receivables	11,591.34	10,701.60	3,262.24	5,373.61
Cash and cash equivalents	9.08	12.11	124.90	108.36
Bank balances other than above	7.76	26.44	104.65	121.11
Other current assets	232.18	222.35	474.09	450.83
<b>Current assets</b>	<b>11,840.37</b>	<b>10,962.50</b>	<b>3,965.88</b>	<b>6,053.92</b>
<b>TOTAL ASSETS</b>	<b>50,619.74</b>	<b>53,673.07</b>	<b>40,159.95</b>	<b>45,998.65</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
Equity share capital	2,355.34	2,355.34	2,355.34	2,355.34
Other Equity	(64,541.33)	(60,890.95)	(73,489.96)	(69,962.49)
	<b>(62,186.00)</b>	<b>(58,535.61)</b>	<b>(71,134.62)</b>	<b>(67,607.15)</b>
<b>2 Non-Current Liabilities</b>				
Financial Liabilities				
Provisions	33.91	19.08	52.73	37.89
<b>Non-Current Liabilities</b>	<b>33.91</b>	<b>19.08</b>	<b>52.73</b>	<b>37.89</b>
<b>3 Current liabilities</b>				
Financial Liabilities				
Borrowings	43.78	43.78	43.78	43.78
Trade payables	476.72	570.79	1,544.65	1,421.90
Other current liabilities	112,093.71	111,411.27	109,495.80	111,938.47
Provisions	157.62	163.76	157.62	163.76
<b>Current liabilities</b>	<b>112,771.82</b>	<b>112,189.60</b>	<b>111,241.85</b>	<b>113,567.90</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>50,619.74</b>	<b>53,673.07</b>	<b>40,159.95</b>	<b>45,998.65</b>





## Notes on Standalone Financial Statements

1. The above quarter ended result for the period ended March 31, 2020 as reviewed and recommended by the Audit committee of the Board, has been approved by the Board of Directors at its meeting held on August 26, 2020.
2. The statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under section 133 of the companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.
3. 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 no segment reporting is applicable.
4. The Company has not provided interest in books of accounts on FCCB Liability, Loan from UPS Capital & Banks for quarter ended March 31, 2020.
5. The Company has not restated for FCCB liability, Loan from UPS Capital and interest thereon for the quarter ended March 31, 2020.
6. Other income includes exchange fluctuation gain of Rs. 1,008.15 Lakhs
7. Other expenses include allowances for Credit Loss of Rs. 1,457.90 for the year ended.
8. On 20th September 2019, the Government of India, vide the Taxation Laws (Amendment) Ordinance 2019, inserted Section 115BAA in the Income Tax Act, 1961, which provides domestic Companies an option to pay Corporate Tax at reduced rate effective 01 April 2019, subject to certain conditions. The Company has completed its evaluation and has opted to pay tax at the reduced rate.
9. For the period under review, there was no material impact on business financials from the Covid-19 pandemic.





## Notes on Consolidated Financial Statements

1. The above quarter ended result for the period ended March 31, 2020 as reviewed and recommended by the Audit committee of the Board, has been approved by the Board of Directors at its meeting held on August 26, 2020.
2. The statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under section 133 of the companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.
3. 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 no segment reporting is applicable.
4. The Company has not provided interest in books of accounts on FCCB Liability, Loan from UPS Capital & Banks for quarter and year ended March 31, 2020.
5. The Company has not restated for FCCB liability, Loan from UPS Capital and interest thereon for the quarter and year ended March 31, 2020.
6. Other income includes exchange fluctuation gain of Rs. 1,036.37 lakhs.
7. For the period under review, there was no material impact on business financials from the Covid-19 pandemic.

Place : Bangalore  
Date: 26<sup>th</sup> August 2020



for Crane Software International Limited

Mueed Khader  
Director  
DIN - 00106674





**Independent Auditor's Report on Standalone Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Requirements, 2015**

**To the Board of Directors of Cranes Software International Limited**

**Opinion**

1. We have audited the standalone financial results of **Cranes Software International Limited** for the year ended 31<sup>st</sup> March 2020, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("Listing Regulations") including relevant circulars issued by SEBI from time to time.
2. In our opinion and to the best of the information and according to the explanation given to us, *except to the matters expressed in the **Basis of Qualified Opinion, and Emphasis of Matter Paragraph***, the statement
  - i) presents financial results in accordance with the requirements of Regulation 33 of the Listing Regulations, and,
  - ii) gives a true and fair view in conformity with the applicable Indian accounting standards (IND AS) as prescribed under the section 133 of the Companies Act 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India, of the standalone loss and other comprehensive Income and other financial information of the Company as at 31<sup>st</sup> March, 2020.
3. With respect to the standalone Financial Results for the quarter ended March 31, 2020, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below, nothing has come to our attention that causes us to believe that the standalone Financial Results for the quarter ended March 31, 2020, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.





## Basis for Qualified Opinion

We conducted our audit in accordance with the standards of auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the audit of the statement* section of our report. We are independent of the company in accordance with the code of ethics issued by the institute of Chartered Accountants of India (The ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion

1. The attached Balance Sheet as at **31<sup>st</sup> March, 2020** is drawn on the basis of the Principle of 'Going Concern'. We opine as follows in this connection:
  - i. Attention of the members is invited to note 6 of the Financial Statements regarding recognition of deferred tax credit on account of unabsorbed losses and allowances aggregating to INR 22,032.78 lakhs (year ended March 31, 2019 INR 25,130.43 lakhs). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in IND AS-12.
  - ii. Reference is drawn to note no. 5 of the Financial Statements regarding the amounts classified under "Fixed Assets" including "Intangible Assets Under Development" amounting to INR. 5,042.44 lakhs. (year ended March 31, 2019 INR. 5,042.44 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 since 2009.
  - iii. 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.
2. We further report that, except for the effect, if any, of the matters stated in paragraph 1(ii) above, whose effect are not ascertainable, had the observation made in paragraph 1(i) above been considered, the loss after tax for the year ended March 31, 2020 would have been higher by INR. 22,032.78 lakhs.

## Emphasis of Matter

3. *The attached Balance Sheet as at 31<sup>st</sup> March, 2020 is drawn on the basis of the Principle of 'Going Concern'. We opine as follows in this connection:*





a. Redemption of Foreign currency convertible bond

- i. Redemption of Foreign currency convertible bond amounting to **INR. 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.
- ii. The Company had received an intimation from the "Ministry of Corporate affairs" during August 2019, stating that a winding up order is issued against the Company by the Hon'ble High Court of Karnataka vide order dated 28th November 2017. Also, the company status on the MCA portal reflects as "Under Liquidation".
- iii. Based on the plea submitted by the Company, the Hon'ble High Court of Karnataka had granted a stay of 8 weeks from the date of order viz 29th November 2019 for the Newspaper publication of winding up order. If no settlement is arrived between the parties within the said period, the petitioner i.e. "The Bank of New York" was at liberty to proceed with the newspaper publication. The stay granted ended on 30th January 2020 and no information is provided by the company about publication of newspaper advertisement.

However, the accounts have been prepared on a going concern basis.

- b. Term loans and working capital loans availed by the company from various banks amounting to **INR 57,631.91 lakhs** remain unpaid and are overdue since 2009, remain unpaid and are overdue since 2009. The lenders 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 the respective Hon'ble Courts. Winding up petition has been filed by Bank of India against the company, before the Hon'ble High Court of Karnataka for non-payment of principal and the accrued interest thereon
- c. Legal proceedings u/s.138 of the Negotiable Instruments Act has been initiated by the following Banks against the company.
  - i. Industrial Development Bank of India
  - ii. State Bank of India (Formerly State of Mysore)
  - iii. Bank of India
- d. 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.
- e. We would like to draw the attention of the members to note no. 29 of the financial statements regarding default of payments to various statutory authorities.





- f. We draw attention to Note No. 37 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.

**(INR in Lakhs)**

SI No.	Name of the Subsidiary	Amount
1	Esqube Communication Solutions	190.92
2	Cranes Software International Pte Limited	1,741.28
3	Systat Software UK Ltd	400.44
4	Proland Software Private Limited	463.34
5	Systat Software Inc.(Net of Provision)	229.44
6	Tilak Auto Tech Private Ltd.	11,523.67
7	Cranes Varsity Private Ltd.	163.81
8	Systat Software Gmbh	0.19
	<b>Total</b>	<b>14,713.09</b>

- g. 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.

**(INR in Lakhs)**

SI No.	Name of the Subsidiary	Investment	Shareholder Funds
1	Esqube Communication Solutions Pvt Ltd	179.78	(12.39)
2	Proland Software Pvt Ltd	318.89	(644.52)
3	Tilak Auto Tech Private Limited	51.62	(144.26)
4	Systat Software Inc. USA	1,851.18	(6,748.05)
5	Cranes Software International Pte Limited	44.31	(575.23)
6	Caravel Info System Private Limited	362.33	(521.28)
	<b>TOTAL</b>	<b>2,445.78</b>	<b>(8,645.73)</b>

- h. 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.
- i. The Company has drawn and utilized an amount INR 43.78 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)





- j. The company has provided for doubtful debts of INR 1,457.90 lakhs during the year, towards due from a subsidiary.
- k. Loan availed by the company from 'UPS Capital Business Credit' amounting to INR 696.37 lakhs remains unpaid and is overdue since April 2014.
- l. 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 INR 10,220.93 lakhs on such outstanding amounts for the year ended 31st March, 2020 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 2020 would have been higher by INR 10,220.93 lakhs.
- m. 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 INR 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 2020. Had such interest been provided in the books in the normal course, the present loss for the year ended 31st March 2020 would have been higher by INR 1,674.29 lakhs.
- n. In continuation to the point 'm' 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 2020 would have been higher by INR 5,796 lakhs.
- o. The balances which were available in the dividend accounts of banks were utilized by the company for expenses.
- p. There are undisputed statutory dues including dues on current year's transactions, on account of Provident Fund Contribution, Employee State Insurance, Income Tax, Service tax, Sales Tax, Goods and Service tax, Dividend Distribution Tax and the like, not deposited by the Company in favor of the respective statutory authorities.
- q. Earnings in foreign exchanges are not realized within the periods stipulated under FEMA and permission is awaited from the statutory authorities to write off the same.





- r. The management is of the opinion that the all assets, investments have at least the value as stated in the Balance Sheet, if realized in the ordinary course of business.

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

#### **Responsibilities of the Management and Those Charged with Governance for the statement**

This statement has been prepared on the basis of the standalone annual audited financial statements and has been approved by the company's Board of Directors. The Company's Board of Directors are responsible for the preparation and presentation of the statement that gives a true and fair view of the net profit/loss and other comprehensive income and other financial information of the company in accordance with the accounting principles generally accepted in India including Ind AS prescribed under section 133 of the Act, read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with regulation 33 of the listing regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding of the assets of the company and for preventing and detecting frauds and other regularities; selection and application of appropriate Accounting policies; making judgements 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 statement that gives a true and fair view and is free from material mis statements whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability 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 Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibility for the audit of statement**

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs, specified under section of 143(10) of the Act will always detect a material mis-statement when it exists. Mis-statements can arise from fraud or error and are considered material if individually or in aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





**Other Matter**

The statement includes the financial results of the quarter ended 31st March 2020, being the balancing figures between the audited figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.

For **Sethia Prabhad Hegde & Co**

Chartered Accountants

Registration No.013367S



**Timmayya Hegde**

Partner

Membership No.226267

(UDIN-20226267AAAAAL2308)

Date : 26<sup>th</sup> August 2020

Place : Bangalore



**Independent Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Requirements, 2015**

**To The Board of Directors of Cranes Software International Limited**

**Opinion**

1. We have audited the accompanying consolidated annual financial results of **Cranes Software International Limited ("the Holding Company")** and its subsidiaries (the Holding company and its subsidiaries together referred to as the Group) for the year ended 31<sup>st</sup> March 2020 attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("Listing Regulations") including relevant circulars issued by SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us these consolidated quarterly financial results as well as the consolidated year to date results:
  - (i) Includes the Audited financial results and year to date of the following entities:
    - (a) Analytix Systems Pvt Ltd
    - (b) Caravel Info Systems Pvt Ltd
    - (c) Cranes Varsity Private limited
    - (d) Esqube Communication Solutions Pvt Ltd
    - (e) Proland Software Pvt Ltd
    - (f) Systat Software Asia Pacific Ltd
    - (g) Tilak Auto Tech Private Limited
  - (ii) Includes the Compiled financial results and year to date of the following entities
    - a) Cranes Software Intl. Pte Ltd (Singapore)
    - b) Systat Software GmbH (Germany)
    - c) Cranes Software Inc (USA)
    - d) Systat Software Inc (USA)
3. In our opinion and to the best of the information and according to the explanation given to us, *except to the matters expressed in the **Basis of Qualified Opinion**, and **Emphasis of Matter Paragraph***, the statement
  - i) presents financial results in accordance with the requirements of Regulation 33 of the Listing Regulations, and,





- ii) gives a true and fair view in conformity with the applicable Indian accounting standards (IND AS) as prescribed under the section 133 of the Companies Act 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India, of the consolidated loss and other comprehensive Income and other financial information of the Company as at 31<sup>st</sup> March, 2020.
4. With respect to the Consolidated Financial Results for the quarter ended March 31, 2020, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below, nothing has come to our attention that causes us to believe that the Consolidated Financial Results for the quarter ended March 31, 2020, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

#### **Basis for Qualified Opinion**

We conducted our audit in accordance with the standards of auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the audit of the statement* section of our report. We are independent of the company in accordance with the code of ethics issued by the institute of Chartered Accountants of India (The ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

- i. Consolidated accounts of the company include compiled financials of
- Cranes Software International Pte Limited, Singapore
  - Systat Software GmbH
  - Cranes Software Inc
  - Systat Software Inc

The same are not audited by their respective auditors as on 31<sup>st</sup> March 2020.

- 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 Consolidated financials of Cranes Software International Limited.

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



## **Responsibilities of the Management and Those Charged with Governance for the statement**

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.

Those respective Board of Directors of the companies including in the group are also responsible for overseeing the financial reporting process of the group.

## **Auditor's Responsibility for the audit of statement**

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs, specified under section of 143(10) of the Act will always detect a material mis-statement when it exists. Mis-statements can arise from fraud or error and are considered material if individually or in aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not





detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Other Matters**

1. We did not audit the financial statements of four (4) subsidiaries included in the consolidated Quarterly financial results and consolidated year to date results, whose consolidated financial statements reflect total assets of Rs. 15,448.12 lakhs as at 31st March 2020 and the total revenue of Rs 3,441.95 lakhs for the year ended 31st March 2020.



2. The statement includes the financial results of the quarter ended 31st March 2020, being the balancing figures between the audited figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.

For **Sethia Prabhad Hegde & Co**  
Chartered Accountants

Registration No.013367S



**Timmayya Hegde**

Partner

Membership No.226267

(UDIN : 20226267AAAAAM8286)

Date : 26<sup>th</sup> August 2020

Place : Bangalore



ANNEXURE-I

**Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2020**  
 (See Regulation 33/25 of SEBI (LODR) Amendment) Regulations, 2016

Sl.No.	Particulars	Audited Figures (as reported before adjusting for qualification)	Audited Figures (as reported after adjusting for qualification)	Audited Figures (as reported before adjusting for qualification)	
				Standalone	Consolidated
1	Turnover/Total Income	1,434.17	1,434.17	3,558.67	3,558.67
2	Total Expenditure	5,084.55	44,808.55	7,097.50	46,821.50
3	Net Profit/(Loss)	(3,650.38)	(43,374.38)	(3,538.83)	(43,262.83)
4	Earning per share	(3.10)	(36.83)	(3.00)	(36.74)
5	Total Assets	50,619.74	28,586.96	40,159.95	18,127.17
6	Total Liabilities	112,805.74	130,496.96	111,294.57	128,985.79
7	Net Worth	(62,186.00)	(101,910.00)	(71,134.63)	(110,858.63)
8	Any other financial item (s) (as felt appropriately by the management)				

**II Audit Qualification (each audit qualification separately):**

- a. Details of Audit Qualification: Refer Annexure
- b. Type of Audit Qualification: Qualified opinion
- c. Frequency of qualification: Refer Annexure
- d. For Audit Qualification (s) where the Impact is quantified by auditors, Management's Views: Refer Annexure
- e. For Audit Qualification(s) where the impact is not quantified by the auditor: Refer Annexure

(I) Management's estimation on the impact of audit qualification:

(II) If management is unable to estimate the impact, reasons for the same:

(III) Auditor's Comments on (I) or (II) above:

**III Signatories**

CEO/Managing Director

CFO

Audit Committee Chairman

Statutory Auditor

Place: Bangalore  
Date: 26/08/2020

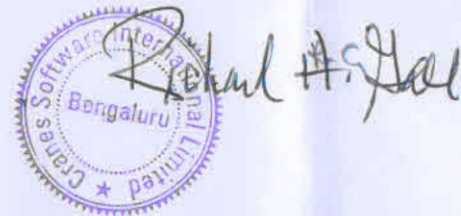
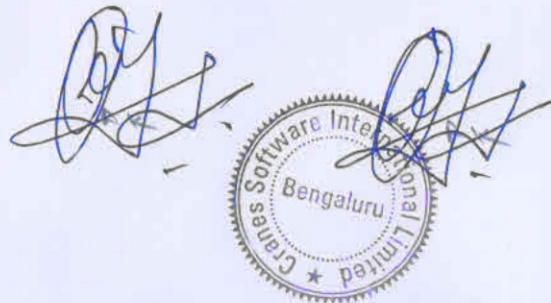


*(Handwritten signatures and names)*  
 R. G. Richard H. Lee



Annexure - Audit Qualification (Each Audit qualification separately)

Sl. No	Details of Audit Qualification [a]	Type of Audit Qualification [b]	Frequency of Qualification [c]	Quantified Audit Report (YES/NO) [d]	Management's Views [e]	Auditors Comments on Management's Views
1	Attention of the members is invited to note 6 of the Financial Statements regarding recognition of deferred tax credit on account of unabsorbed losses and allowances aggregating to INR 22,032.78 lakhs (year ended March 31, 2019 INR 25,130.43 lakhs). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in IND AS-12	Qualified Opinion	Repetitive	Yes	The Company has made significant changes to its business strategy and improvements in its solutions and product offerings. Hence, the Company is confident that we will have future taxable income to take advantage of the deferred tax credit as a 'recognized' asset	Audit qualification is self explanatory.
2	Reference is drawn to note no. 5 of the Financial Statements regarding the amounts classified under "Fixed Assets" including "Intangible Assets Under Development" amounting to INR 5,042.44 lakhs. (year ended March 31, 2019 INR 5,042.44 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 since 2009.	Qualified Opinion	Repetitive	No	As detailed in the annexed Management Discussion and Analysis, the Company has made substantial progress to its Products and Solutions across all subsidiaries. The impact of this change is reflective in our consolidated revenue growth. The Company has engaged an external consultant to re-evaluated the IP assets and the effect, if any, will be reflected in the financial statement	Audit qualification is self explanatory.
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	Qualified Opinion	Repetitive	Yes	During the year under review, the management has put its efforts toward resumption of normal operations. Hence, we are highly confident that the concept of 'Going Concern' continues to apply without doubt	Audit qualification is self explanatory.
4	Redemption of Foreign currency convertible bond amounting to INR 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	Emphasis of Matter	Repetitive	No	The Company is actively engaged with the FCCB holders and is hopeful of reaching a settlement in the near future. The company is confident that on settlement with the FCCB holders, the winding-up petition filed by the Bond Holders will be withdrawn in due course	Audit Note is self explanatory.
5	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 INR 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 2020. Had such interest been provided in the books in the normal course, the present loss for the year ended 31st March 2020 would have been higher by INR 1,674.29 lakhs	Emphasis of Matter	Repetitive	Yes		
6	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 2020 would have been higher by INR 5,796 lakhs.	Emphasis of Matter	Repetitive	Yes		





7	The Company had received an intimation from the "Ministry of Corporate affairs" during August 2019, stating that a winding up order is issued against the Company by the Hon'ble High Court of Karnataka vide order dated 28th November 2017. Also, the company status on the MCA portal reflects as "Under Liquidation"	Emphasis of Matter	First time	No		
8	Based on the plea submitted by the Company, the Hon'ble High Court of Karnataka had granted a stay of 8 weeks from the date of order viz 29th November 2019 for the Newspaper publication of winding up order. If no settlement is arrived between the parties within the said period, the petitioner i.e. "The Bank of New York" was at liberty to proceed with the newspaper publication. The stay granted ended on 30th January 2020 and no information is provided by the company about publication of newspaper advertisement	Emphasis of Matter	First time	No	The Honorable High Court of Bengaluru has previously favorably considered the Company's ongoing productive settlement initiatives with the parties so that an amicable resolution is reached. High Court proceedings have since been indefinitely delayed due to the impact of the Covid-19 pandemic, and this matter remains under status quo. Company Management has diligently progressed on settlement exchanges and expects to resolve this issue with the parties before the High Court as soon as possible.	Audit Note is self explanatory.
9	Term loans and working capital loans availed by the company from various banks amounting to INR 57,631.91 lakhs remain unpaid and are overdue since 2009, remain unpaid and are overdue since 2009. The lenders 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 the respective Hon'ble Courts. Winding up petition has been filed by Bank of India against the company, before the Hon'ble High Court of Karnataka for non-payment of principal and the accrued interest thereon	Emphasis of Matter	Repetitive	No		
10	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	Emphasis of Matter	Repetitive	No	The Company is actively defending its position in these cases. It is also in advanced settlement negotiations with both secured and unsecured lenders and while reaching settlement with some, expects to reach favourable settlements with others in due course	Audit Note is self explanatory.
11	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 INR 10,220.93 lakhs on such outstanding amounts for the year ended 31st March, 2020 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 2020 would have been higher by INR 10,220.93 lakhs.	Emphasis of Matter	Repetitive	Yes		
12	We draw attention to Note No. 37 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	Emphasis of Matter	Repetitive	No	The Management is of the view, that there is no diminution in the value of the investment provided to its subsidiaries, as there are valuable IPs in these subsidiaries and their value will be unlocked as and when the company is able to resume its normal business operations. The investments, being the nature of long term, are strategic to the future growth of the company and the Management is confident to recover the receivables as and when Business stabilizes in these subsidiaries.	Audit Note is self explanatory.



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*[Handwritten signature: Richard H. Gall]*



Annexure- Audit Qualification (Each Audit qualification separately)

SL. No	Details of Audit Qualification [a]	Type of Audit Qualification [b]	Frequency of Qualification [c]	Quantified Audit Report [YES/NO] [d]	Management's Views [e]	Auditors Comments on Management's Views
1	<p>Consolidated accounts of the company include compiled financials of</p> <p>a. Cranes Software International Pte Limited, Singapore                      b. Systat Software GmbH                      c. Cranes Software Inc                      d. Systat Software Inc</p> <p>The same are not audited by the respective auditors as on 31st March 2020.</p>	Qualified Opinion	Repetitive	No	The compiled financial statements received are reviewed by the auditors of respective subsidiary companies. In the absence of signed financials, we have adopted the compiled financials in our report with an intention not to delay the SEBI compliance. We are in the process of receiving the signed financial from respective subsidiary company auditors.	Audit qualification is self explanatory.



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