

# ANNUAL REPORT

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**Cranes Software International Limited**

Enterprise Analytics and Engineering Simulation Software & Solutions





<b>Board of Directors</b>	Mr. Asif Khader	- Co-founder & Managing Director
	Mr. Mueed Khader	- Director
	Mr. Richard Holden Gall	- Director
	Mrs. Akthar Begum	- Director
	Mr. Manjunath H.	- CFO
<b>Company Secretary</b>	P. Phaneendra	
<b>Bankers</b>	Bank of India	
	IDBI Bank Ltd.	
	State Bank of India	
<b>Auditors</b>	Sethia Prabhad Hedge & Co.	
	Chartered Accountants	
	No. 21, 1st Floor, 14th A Main Road,	
	'E' Block Extension, Sahakara Nagar, Bangalore - 560 092	
<b>Registered Office</b>	Cranes Software International Ltd.	
	# 82, Presidency Building,	
	3rd & 4th Floor, St. Marks Road,	
	Bangalore - 560 001	
<b>Registrars</b>	Integrated Registry Management Services Pvt. Ltd.	
	# 39, Ramana Residency,	
	4th Cross, Sampige Road,	
	Malleswaram, Bangalore - 560 003	
<b>Website</b>	www.cranessoftware.com	



# CRANES SOFTWARE INTERNATIONAL LIMITED

## FINANCIAL STATEMENTS 2020 - 2021

## DIRECTORS REPORT - 2021

Dear Member,

The Board of Directors hereby submits the report of the business and operations of your Company along with the audited financial statements, for the financial year ended March 31, 2021. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

### 1. CONSOLIDATED / STANDALONE FINANCIAL PERFORMANCE:

The consolidated annual revenue from operations has registered an increase of about 134% compared with the previous year and the Company has posted loss from operations before tax of Rs. 34.65 crores as compared to loss of Rs. 5.07crores in the previous year.

The standalone annual revenue from operations has registered a decrease by about 27% compared with the previous year. The loss for the period before tax stands at Rs. 73.91crores as compared with loss of Rs. 5.53crores in the previous year. The decrease in revenue was due to lower sales which was effected due to covid-19 and the loss increased since the Board decided to write off certain Capital WIP which was sitting in the books and the Company did not find opportunity to commercialize it.

### 2. Financial highlights (Consolidated & Standalone)

(Rs. in Crore)

Particulars	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
Total Income	60.96	35.59	3.75	14.34
Total expenses	95.62	40.67	77.66	19.87
Profit / (Loss) before extraordinary items & tax	(34.65)	(5.08)	(73.91)	(5.53)
Exceptional Items	-	-	-	-
Profit / (Loss) before tax	(34.66)	(5.07)	(73.91)	(5.53)
Tax expense/(income)	(15.01)	30.31	(25.52)	30.98
Profit / (Loss) for the period	(19.65)	(35.39)	(48.39)	(36.50)

### 3. NEW INITIATIVES AND CORPORATE ACTION:

In the year under review, the Company has made efforts to enhance 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. Barring unforeseen circumstances, these initiatives have positively impacted the current year business revenues and improved operating margins.

The Company has entered into exclusive licensing arrangement with US-based Inpixon to distribute and enhance, and optionally purchase, its Systat and Sigmaplot software products. This wil have positive impact on the revenues of the Company in coming year(s).

### 4. IMPACT OF GLOBAL CRISIS: COVID-19:

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing Governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees and trainees and on minimizing disruption to services for all our customers globally. The Company has taken necessary action to shift its focus on providing training sessions through an online platform and has made required arrangements in this regard.

Further, for the period under review, there were certain impact on business financials from the COVID-19 pandemic which is reflected on lower revenue numbers in the standalone revenue. The Company at present encouraging employees to Work from Home as far as possible.

### 5. DIVIDEND:

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

**6. RESERVES:**

During the financial year under review your Company has not transferred any fund to the General Reserve.

**7. SHARE CAPITAL:**

During the financial year under review your there were no changes in the Capital Structure of your Company.

**8. LISTING/DELISTING:**

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

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.

**9. 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:****CHANGE IN THE NATURE OF BUSINESS, IF ANY:**

There were no changes in the nature of business of the Company during the financial year ended March 31, 2021.

**OTHER MATTERS:**

Redemption of Foreign currency convertible bond amounting to INR 29,085 Lakhs (42million Euros) to the holders of the bonds have fallen due during April 2011 and is yet to be redeemed. On a petition filed by the Foreign Currency Convertible Bond holder The Hon'ble High Court of Karnataka issued a winding up order against the company.

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.

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. The said order was further extended by the Hon'ble High Court of Karnataka from time to time and last extended on 22nd January 2021 till further orders.

**The Board would also like to inform that The Honourable High Court of Bengaluru has previously favorably considered the Company's on-going productive settlement initiatives with the parties so that an amicable resolution is reached. Management has diligently progressed on settlement exchanges and expects to resolve this issue with the parties before the High Court as soon as possible.**

**10. PUBLIC DEPOSITS:**

The Company has not accepted or invited any deposits falling within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

**11. DETAILS OF DIRECTORS / KEY MANAGERIAL PERSONNEL:**

The Board of Directors of the Company is duly constituted and details of the same are given below:

**11.1. PROMOTER GROUP (EXECUTIVE DIRECTORS) :**

Mr. Asif Khader

**11.2. NON- EXECUTIVE DIRECTORS :**

Mr. Richard Holden Gall (Independent director)

Ms. Akthar Begum (Independent director)

Mr. Mueed Khader (Non-Independent director)

In terms of the provisions of section 203 of the Companies Act, 2013, Mr. Asif Khader, Managing Director, Manjunath. H, Chief Financial Officer and Mr. P. Phaneendra, Company Secretary are the Key Managerial Personnel of your Company.

### 11.3. RETIRE BY ROTATION:

Mr. Asif Khader (DIN: 00104893) Managing Director of the Company retired by rotation on 16-May-2021 and Mrs. Akhtar Begum, Independent Director of the Company retired by rotation on 11-August 2021. The board considered their re-appointment and accordingly at the meeting held on August 11, 2021 on the recommendation of the Nomination and Remuneration Committee approved the re-appointment of Mr. Asif Khader as Managing director and Ms Akhtar Begum as Independent director to continue of the Board of directors of the Company subject to approval of the shareholders in the ensuing Annual general meeting to be held on in September 2021. Both Mr. Asif Khader and Ms Akhtar Begum being eligible offerthemselves for re-appointment. The Board of Directors recommended their appointment for consideration of the members at the forthcoming Annual General Meeting.

### 11.4. INDUCTIONS:

In accordance to the meeting held on 08-September-2021 Mr. Manjunath H was appointed as CFO of the company.

### 11.5. RESIGNATIONS AND RETIREMENTS:

There has been no resignation or retirements during the year under review.

### 11.6. REAPPOINTMENT OF INDEPENDENT DIRECTOR:

Mrs. Akhtar Begum, (DIN: 07624256) Pursuant to the provisions of Section 149 of the Companies Act 2013 the tenure of Mrs. Akhtar Begum (DIN: 07624256) as Independent Director for 5 years is completed as on 12 August 2021. She being eligible for re-appointment has given her consent to be reappointed as the Independent Director of the Company for another term of 5 years effective from 11 August, 2021 and ending 10 August, 2026, her appointment shall be considered in the ensuing Annual General Meeting.

Keeping in view the vast experience, expertise and knowledge, it would be in the interest of the Company that Mrs. Akhtar Begum, (DIN: 07624256) be re-appointed as an Independent Director of the Company, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

### 11.7. KEY MANAGERIAL PERSONNEL:

In terms of the provisions of section 203 of the Companies Act, 2013, Mr. Asif Khader, Managing Director, Mr. Manjunath H, Chief Financial Officer and Mr. P. Phaneendra, Company Secretary are the Key Managerial Personnel of your Company.

Further, Mr. Manjuanth H was appointed as the Chief Financial Officer of the Company with effect from 08-September-2021.

## 12. DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 13. NUMBER OF MEETINGS OF THE BOARD:

The Board met 7 times during the financial year. The meeting details are provided in the Corporate Governance report that forms part of this Annual report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

## 14. COMMITTEES OF THE BOARD:

As on March 31, 2021, the Board had four committees: the audit committee, the nomination and remuneration committee, corporate social responsibility committee, stakeholder's relationship committee.



A detailed note on the composition of the Board and its committees is provided in the Corporate Governance report.

#### 15. 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.

#### 16. DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, AND STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGES OR SEBI OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS, DURING THE LAST THREE YEARS:

The Company has complied with the requirements of the Stock Exchanges or SEBI on matters related to Capital Markets, as applicable, during the last three years. Following penalties or strictures have been imposed on the Company:

Sr. No.	Financial Year	Action taken by the Authority	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.
1.	2019-20	<i>Bombay Stock Exchange - Levy of Fine</i>	<ul style="list-style-type: none"> <li>Regulation 33 – Annual audited Financial Results - Late submission. INR1,20,000 + GST fine levied - promoters shareholdings frozen.</li> <li>Reg-19(1)/19(2) – reconstitution of Board Committees quarter ended March 2020. INR 1,82,000 + GST fine levied, promoters shareholdings frozen</li> </ul>	<ul style="list-style-type: none"> <li>Delay in reporting of Financial results for last year was due to Covid-19 lockdown– the results were announced after a delay of 24 days. The Company paid the fine to BSE. Subsequent to the payment of fine, the promoters shareholding was released.</li> <li>Constitution of Board Committees – The Board had reconstituted the Board Committee's but the Company did not inform BSE. The Company paid the fine and after representation this fine was waived off / reversed by BSE.</li> </ul>
2.	2018-19	<i>Bombay Stock Exchange - Levy of Fine</i>	<i>Regulation 13(3) of the SEBI (LODR), 2015</i>	<i>Fine imposed by BSE for non-compliance of Regulation 13(3) of SEBI (LODR), 2015 for non-submission of Statement on Shareholder complaints for the quarter ended December 2018</i>
3.	2017-18	Not Applicable	Not Applicable	Not Applicable

#### 17. VIGIL MECHANISM AND WHISTLE BLOWER:

Pursuant to provisions of section 177 (9) of the Companies Act, 2013, the Company has established a "Vigil mechanism" incorporating Whistle Blower Policy in terms of the Listing Obligations and Disclosure Requirements, 2015 for employees and Directors of the Company, for expressing the genuine concerns of unethical behaviour, frauds or violation of the codes of conduct by way of direct access to the Chairman of the Audit Committee in exceptional cases. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns.

#### 18. 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.

#### 19. 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.

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

The Company has zero tolerance towards sexual harassment at workplace and during the year under review, your Board had constituted an Internal Complaints Committee to consider and redress complaints of sexual harassment & also adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

#### 21. CORPORATE GOVERNANCE

Our corporate governance practices are a reflection of our value system encompassing our culture, policies and relationships with our stakeholders. Integrity and Transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times. Corporate governance is about maximizing shareholder value legally, ethically and sustainably. We also endeavour to enhance long term shareholder value and respect minority rights in all our business decisions.

Our Corporate governance report for fiscal year 2021 forms part of this Annual Report and the Independent Chartered Accountant Certificate of Compliance is attached to this report as per **Annexure – I & II**.

#### 22. MANAGEMENT DISCUSSION & ANALYSIS REPORT:

In terms of the provisions of regulation 34(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 the Management Discussion and Analysis report is set out separately and forms an integral part of this report as per **Annexure – III**.

#### 23. EXTRACT OF ANNUAL RETURN:

In accordance with Section 134(3)(a) read with Section 92(3) of the Act, the Annual Return in Form MGT-7 is placed on the website of the Company and same can be downloaded by clicking on the following link: <http://www.cranessoftware.com/Investor>.

#### 24. PARTICULARS OF EMPLOYEES:

No remuneration was paid to whole time directors, hence the ratio of the median remuneration of the employees to the remuneration of the each of the whole-time directors is Zero.

The Company had 47 employees as on March 31, 2021. The percentage increase in remuneration, ratio of remuneration of each director and key managerial personnel (KMP) (as required under Companies Act, 2013) to the median of employees remuneration and the list of top 10 employees in terms of remuneration drawn as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms a part of this Board's Report.

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 - IV**.



**25. 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.

**26. PARTICULARS OF LOANS, GUARANTEE & INVESTMENT:**

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

**27. DIRECTORS' RESPONSIBILITY STATEMENT:**

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values, the provisions of the Companies Act, 2013 (to the extent notified) and guidelines issued by SEBI. The IND AS are prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The directors confirm that:

- In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- They have 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.
- They have taken proper and sufficient care towards 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.
- They have prepared the annual accounts on a going concern basis.
- They have laid down the internal financial controls to be followed by the Company and that they are adequate and were operating effectively.
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**28. STATUTORY AUDITORS:**

The present auditors M/s. Sethia Prabhada Hegde & Co, were appointed at the 32<sup>nd</sup> Annual General Meeting of your company to hold office for a period of 5 years i.e. till the conclusion of the 37<sup>th</sup> Annual General Meeting. The requirement for annual ratification of auditor's appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 7, 2018

During the year, the Statutory Auditors have confirmed that they satisfy the Independence criteria required under Companies Act, 2013 and Code of ethics issued by Institute of Chartered Accountants of India.

**29. SECRETARIAL AUDITOR:**

As required under Section 204 of the Companies Act, 2013 and Rules there under, the Board appointed Mr. Supriya Kumar Guha., Practicing Company Secretary, as Secretarial Auditor of the Company for fiscal year 2021.

**30. COST RECORDS AND COST AUDIT:**

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

**31. 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 - V**.

**32. SECRETARIAL AUDITOR AND BOARD'S REPLY TO SECRETARIAL AUDIT QUALIFICATIONS:**

Secretarial audit report in prescribed Form MR-3 attached to this report marked **Annexure – VI**.

The Secretarial 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 - VIA**.

**33. 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. Further, details of contracts and arrangements with related parties for the fiscal year ended March 31, 2021 are provided under note no. 37 to the audited financial statements and details pertaining to related party transactions are provided in Annexure – VII.

**34. 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.

**35. 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.

**36. SECRETARIAL STANDARDS:**

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

**37. SUBSIDIARIES, JOINT VENTURES & ASSOCIATES:**

Current Subsidiaries, Joint venture & Associates have been listed in **Annexure-VIII**. 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**.

**38. REPORTING OF FRAUD BY AUDITORS:**

During the year under review, the statutory auditors have not reported under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

**39. 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 four only. Your Company will take steps to expand its Board, if advised and found warranted, in the future.

**40. GREEN INITIATIVE:**

Electronic copies of the Annual Report 2020-21 and the Notice of the AGM are sent to all the members whose email addresses are registered with the Company.

**41. ACKNOWLEDGEMENTS:**

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from Financial Institutions, Government Authorities, customers, vendors and members during the year under review.