

# 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	- Independent Director
	Mrs. Akthar Begum	- Independent Director
	Mr. Manjunath H.	- CFO

**Company Secretary** Mr. Joydeep Sarkar (till 30<sup>th</sup> November 2022).  
Ms. Apeksha Nagori (w.e.f. 30<sup>th</sup> May 2023)

**Bankers** Bank of India

**Auditors** Chaturvedi Sohan & Co.  
Chartered Accountants  
No. 320, Tulsiani Chambers,  
Nariman Point  
Mumbai - 400 021.

**Registered Office** Cranes Software International Ltd.  
# 82, Presidency Building,  
3rd & 4th Floor, St. Marks Road,  
Bangalore - 560 001

**Registrars** Integrated Registry Management Services Pvt. Ltd.  
# 39, Ramana Residency,  
4th Cross, Sampige Road,  
Malleswaram, Bangalore - 560 003

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



# CRANES SOFTWARE INTERNATIONAL LIMITED

## DIRECTORS REPORT 2022 - 2023



## DIRECTORS REPORT - 2023

Dear Member,

The Directors of the Company have the pleasure to present this Integrated Annual Report of Cranes Software International Limited ("the Company") along with the audited financial statements for the financial year ended March 31, 2023.

The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

### 1. Consolidated/ Standalone Financial Performance:

(Rs. in Crores)

Particulars	Standalone		Consolidated	
	Financial Year 2022-23 (FY 2023)	Financial Year 2021-22 (FY 2022)	Financial Year 2022-23 (FY 2023)	Financial Year 2021-22 (FY 2022)
Total Income	18,962.99	6,513.29	20,859.56	7,087.86
Total Expense	7,487.06	3,695.98	6,650.69	3,994.61
Profit/ (loss) before extraordinary items & tax	11,475.93	2,817.32	14,208.87	3,093.24
Exceptional Items	-	-	(1,140.00)	-
Profit / (loss) before tax	11,475.93	2,817.32	13,068.87	3,093.24
Deferred Tax	(20,234.69)	(4,351.08)	(22,817.35)	(4,581.30)
Profit / (loss) for the period	(8,758.75)	(1,533.76)	(9,754.39)	(1,499.83)

### 2. Consolidated/ Standalone Financial Performance:

The consolidated annual revenue from operations has registered an increase of about 194% compared with the previous year and the Company has posted a consolidated profit from operations before tax of Rs. 142.09 crores as compared to profit of Rs. 30.93 crores in the previous year.

The standalone annual revenue from operations has registered an increase by about 191% compared with the previous year. The profit for the period before tax stands at Rs. 114.76 crores as compared with profit of Rs. 28.17 crores in the previous year. The increase in the income and profits for this year is majorly due to the one time settlement(s) with Bank(s) due to write back required.

In the year under review, the Company has made efforts to enhance its position by building products in the areas of engineering services in the Engineering segment and in the educational segment and the same is reflected in the revenue from operations. The Company continues to improve operational effectiveness, optimize costs and increase market reach across all businesses. Barring unforeseen circumstances, these initiatives will have positive impact in future.

Your Directors are continuously working on different avenues for future growth of the company.

### 3. Change in the nature of business, if any:

There was no change in nature of business activity during the year.

### 4. Dividend:

The Board did not declare any dividend for the present financial year in the absence of distributable surplus.

### 5. Transfer to reserves:

There was no transfer to reserves during the year.

### 6. Share Capital:

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



## 7. 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.

## 8. Events Subsequent to the date of the Financial Statements:

The Board of Directors at its meeting held on 30th November 2023:

- a. to increase the authorized capital of the Company from Rs. 35 crores to Rs. 39 crores.
- b. approved the partial conversion of loan taken from Techuni Ventures Private Limited for settlement of loans to the various banks to Equity shares of the Company. The Board decided, subject to approval of the shareholders by a special resolution, to offer, issue and allot 34,190,375 Equity Shares of Rs. 2 each @ premium of Rs. 2.57 per Equity Shares aggregating to Rs. 4.57 per Equity Shares upon partial conversion of interest-bearing unsecured loan,
- c. approved, subject to approval of the shareholders by a special resolution to offer/ issue/ allot 40,000,000 Equity convertible warrants of Rs. 4.57 each to be converted in accordance with SEBI (ICDR) Regulations to Mr. Asif Khader, one of the Promoter and the Managing Director of the Company.

The above will have a bearing on the capital of the Company.

Other than the above, there have been no material changes and commitments which have affected the financial position of the Company from the Financial Year ended 31st March, 2023 and the date of this Board Report.

## 9. 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.

## 10. Details of Directors / Key Managerial Personnel:

During the period the Board was duly constituted as per the provisions of the Companies Act, 2013 and the following directors were on the board:

Sl. No.	DIN	Name of Director	Designation	Date of Appointment
1.	00104893	Asif Khader	Managing Director	30/04/2002
2.	00106674	Mueed Khader	Director	30/04/2002
3.	00906340	Richard Holden Gall	Independent Director	16/05/2002
4.	07624256	Akhtar Begum	Independent Director	12/08/2016

Pursuant to Section 203 of the Companies Act 2013 the Key Managerial Personnel for the period were as follows:

Sl. No.	DIN/PAN	Name of Key Managerial Personnel	Designation	Date of Appointment
1.	00104893	Asif Khader	Managing Director	30/04/2002
2.	ANBPM6724F	Honnappa Manjunath	Chief Financial Officer	08/09/2021
3.	GEDPS6725H	Joydeep Sarkar*	Company Secretary	01/09/2022

**Mr. Joydeep Sarkar** was relieved from the services with effect from 30th November 2022 consequent to his resignation from the services of the Company.

Further, Mr. Mueed Khader (DIN: 00106674), Director of the Company retires by rotation and being eligible, offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment along with other required details forms part of the Notice of the Annual General Meeting. The board considered his re-appointment and accordingly at the meeting held on 7th December 2023



upon the recommendation of the Nomination and Remuneration Committee approved the re-appointment of Mr. Mueed Khader as the director of the Company to continue on the Board of directors of the Company subject to approval of the shareholders in the ensuing Annual general meeting to be held on 30th December 2023.

Pursuant to the provisions of Section 149 of the Act, the independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as independent directors of the Company.

**Ms. Apeksha Nagori** (PAN: AJQA6750Q) took over as the Company Secretary, with effect from 30th May 2023.

Ms. Apeksha Nagori is a member of the Institute of Company Secretaries of India, having membership number: ACS 21952 and has vast experience in the field of Company law, SEBI regulations and other corporate legal matters.

**11. Number of Meetings of the Board:**

The Board met 6 (six) 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. The Board met on 30.05.2022, 13.08.2022, 08.09.2022, 01.10.2022, 14.11.2022 & 21.03.2023. Further all the Directors of the Company were present on the Board Meetings.

**12. Committees of the Board:**

As on March 31, 2023, 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.

**13. Policy on directors' appointment and remuneration and other details:**

The Company is in process of revamping the policy on directors appointment and remuneration.

**14. 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 need 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, which was done during the year.

**15. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future:**

- a. The members were informed in the last year's report of the Board of Directors that the Company had filed jointly with the Foreign Currency Convertible Bond Holders for withdrawal of the winding up petition. The Honorable High Court of Karnataka was pleased to withdraw the winding up order on the Company. Necessary intimation was also filed with the Registrar of Companies, Karnataka.
- b. The Honorable High Court of Karnataka had passed an order in favour of the Company in the matter of petition filed by Securities Exchange Board of India (SEBI) in the matter of delay in payment of dividend by the Company which was due to late approval from the Bank(s) pursuant to the loan agreement with the Bank(s), however the same was paid three years before any complaint was initiated by SEBI. SEBI had thereafter filed an appeal against the order in the Honorable Supreme Court of India. The matter is yet to be adjudicated by the Honorable Supreme Court of India.

**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.	2022-23	Bombay Stock Exchange	Regulation 23(9)- Delay in filing disclosures relating to RPTs - INR 75000 + GST of 18% aggregating to INR 88,500 - fine levied	BSE levied fine for delay in filing disclosures relating to RPTs.
			Regulation 6(1)- Delay in appointing a Company Secretary of the Company- INR 51,000 +GST of 18% aggregating to INR 60,180/- fine levied	BSE levied fine for delay in appointing a Company Secretary of the Company
			Regulation 34 - delay in filing Annual Report - INR 16000 + GST aggregating to INR 18,880 - fine levied	BSE levied fine for delay in filing Annual Report
			Regulation 33 - Delay in filing un-audited financial results for the quarter ended 31st December 2022- INR1,40,000 + GST fine of 18% aggregating to INR 1,65,200/- fines levied.	BSE levied fine for delay in filing un-audited financial results for the quarter ended 31st December 2022
			Regulation 31 - Delay in filing shareholding pattern of the Company for the quarter ended June 2022- INR 64,000 plus 18% GST aggregating to INR 75,520/-	BSE levied fine for delay in submission of shareholding pattern for the quarter ended 30th June 2022
			Regulation 31A- delay in filing the reclassification of any person as promoter/public- INR 84,000 plus 18% GST aggregating to INR 99,120/-	BSE levied fine for delay in submission of reclassification of any person as promoter/public
2.	2021-22	Bombay Stock Exchange	Regulation 34 - delay in filing Annual Report - INR 10000 + GST aggregating to INR 11,800 - fine levied	BSE levied fine for delay in filing Annual Report
			Reg-23 (9) - Delay in filing disclosures relating to RPTs - INR 85000 + GST of 18% aggregating to INR 100,300 - fine levied	BSE levied fine for delay in filing disclosures relating to RPTs.

3.	2020-21	Bombay Stock Exchange	Regulation 33 - Annual audited Financial Results - Late submission. INR1,20,000 + GST fine levied - promoters shareholdings frozen.	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.
			Reg-19(1)/19(2) - reconstitution of Board Committees quarter ended March 2020 - INR 1,82,000 + GST fine levied, promoters shareholdings frozen	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.
			Reg-23(9) - Disclosure of related party - Late submission - INR 2,10,000 (+ GST) - fine levied and promoters shareholdings frozen. . The Company was warned to exercise caution in filing its documents with BSE and strictly comply with the various circulars of SEBI and the Exchange notices on timely basis.	Disclosure of Related Party transaction - The Company paid the fine. After representation by the Company this fine was waived off / reversed by BSE. The Company was warned to exercise caution in filing its documents with BSE and strictly comply with the various circulars of SEBI and the Exchange notices on timely basis.
			Reg-19(1)/19(2) - reconstitution of Board Committees quarter ended June 2020 - INR 1,82,000 + GST fine levied, promoters shareholdings frozen.	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.

**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 endeavor to enhance long term shareholder value and respect minority rights in all our business decisions.

Our Corporate governance report for financial year 2023 forms part of this Annual Report as Annexure I and the Independent Chartered Accountant Certificate of Compliance is attached to this report as per Annexure 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/Investors>.

**24. Particulars of Employees:**

No remuneration was paid to Managing Director, 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 6 employees as on March 31, 2023. 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:**

During the 37th Annual General Meeting of the Company M/s Reddy Goud & Janardhan sought appointment from the shareholders. The said resolution was not passed by the members. M/s Chaturvedi Sohan & Co, Chartered Accountants were appointed as auditors in casual vacancy at the Board Meeting held on 1st October 2022, to continue till the date of the current Annual General Meeting. The Board based on the recommendation of the Audit Committee, has proposed the appointment of M/s Chaturvedi Sohan & Co, Chartered Accountants (FRN 118424W) for a term of 4 years from the conclusion of 38th Annual General Meeting till conclusion of the 42nd Annual General Meeting subject to the approval of the shareholders in the ensuing Annual General Meeting at such remuneration, as mutually agreed between the Board of Directors of the Company and the Statutory Auditors. A resolution seeking shareholders' approval for the appointment of the Statutory Auditors along with other required details forms part of the Notice of the Annual General Meeting.

The requirement for annual ratification of auditor's appointment at the Annual General Meeting 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 financial year 2023.

**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:**

The 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 financial year ended March 31, 2023 are provided under note no. 35 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. The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year:**

There are no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year.

**41. The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.**

The loan from SBI Bank was repaid during the year.

**42. Green Initiative:**

Electronic copies of the Annual Report 2022-23 and the Notice of the AGM are sent to all the members whose email addresses are registered with the Company.

**43. Acknowledgements:**

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

Further, your Directors wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

**for and on behalf of the Board of Directors**

**Sd/-**

**Sd/-**

**Date: 08-12-2023  
Place: Bengaluru**

**Asif Khader  
Managing Director  
DIN: 00104893**

**Mueed Khader  
Director  
DIN: 00106674**



## LIST OF ANNEXURES

Sl. No	Particulars	Annexure No
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## ANNEXURE I

### CORPORATE GOVERNANCE REPORT 2022-23 (Annexure to Board's Report)

#### 1. Company's Philosophy on Corporate Governance:

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

#### 2. Board of Directors:

Your Company's Board of Directors plays primary role in ensuring good governance, smooth functioning of the Company and in creating shareholder value. The Board of directors ('the Board') is entrusted with the ultimate responsibility of the management, general affairs, direction, management policies and their effectiveness. The Board's actions and decisions are aligned with the Company's best interests.

In line with the Companies Act, 2013 (Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) your Board as on 31st March 2023 comprises of 4 (Four) Directors, including 2 (Two) (i.e., 50 percent) are Non-executive Independent Directors and 1 (One) (i.e., 33 percent) is an Executive Director.

None of the Directors on the Board:

- hold directorships in more than 20 companies pursuant to section 165 (1) of the companies act, 2013;
- hold membership and/or chairmanship of any committee exceeding 10 companies and/or 5 companies respectively as per listing regulations.
- serves as Director or as independent directors in more than seven listed entities;
- who are the Executive Directors serves as independent directors in more than three listed entities; and
- None of the non-executive directors holds any convertible instruments in the company.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The names and categories of the directors on the Board, their attendance at Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships/Memberships held by them in other public limited companies as on March 31, 2023 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public limited companies in which he/she is a director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.



Name of Director & DIN	Category	Number of Board Meetings attended during Financial Year 2022-23	Whether attended AGM held on 30 September 2022	Number of Directorships in other Public Companies	Directorship in other listed entity
Asif Khader (DIN: 00104893)	Managing Director	6 (six)	Yes	1 (one)	Nil
Mueed Khader (DIN: 00106674)	Director	6 (six)	Yes	1 (one)	Nil
Richard Holden Gall (DIN: 00906340)	Independent Director	6 (six)	Yes	Nil	Nil
Akthar Begum (DIN: 07624256)	Independent Director	6 (six)	Yes	1 (one)	Nil

The Board has approved the Remuneration Policy for Directors, KMPs and all other employees of the Company which is not annexed herewith to maintain brevity of this report. Further, the Executive and Non-Executive Directors including Independent Directors have not been paid any remuneration/ sitting fees.

The shareholding of the Directors in the Equity share capital of the Company as at March 31, 2023 is given as follows:

SI. No.	Name of Director & DIN	Number of shares held
1.	Asif Khader (DIN: 00104893)	10,01,500
2.	Mueed Khader (DIN: 00106674)	1,000
3.	Richard Holden Gall (DIN: 00906340)	Nil
4.	Akthar Begum (DIN: 07624256)	Nil

### 3. BOARD MEETINGS AND DIRECTORS ATTENDANCE RECORD:

The Board of Directors of the Company meets at regular intervals to discuss and decide on company / business policy and strategy. The board meets at least once in every quarter to review the company's operations and to consider amongst other business, the quarterly performance and financial results of the company. The meetings of board are scheduled in a manner so as to comply with the provisions of the listing regulations as well as the act. The agenda together with notes thereon, containing all material information, are circulated to all the directors, well in advance, thereby facilitating meaningful and focused discussions at the meeting.

During the financial year 2022-23, the Board met Six(6) times and the details of meetings together with the attendance of Directors are tabled here under:

SI. No.	Date of Meeting	Board Strength	No. of Directors Present
1.	30.05.2022	4 (Four)	4 (Four)
2.	13.08.2022	4 (Four)	4 (Four)
3.	08.09.2022	4 (Four)	4 (Four)
4.	1.10.2022	4 (Four)	4 (Four)
5.	14.11.2022	4 (Four)	4 (Four)
6.	21.03.2023	4 (Four)	4 (Four)

**4. INFORMATION FLOW TO THE BOARD MEMBERS:**

Information is provided to the Board Members on a continuous basis for their review, inputs and approval from time to time. More specifically, we present our annual strategic plan and operating plans of our business to the Board for their review, inputs and approval. Likewise, our quarterly financial statements and annual financial statements are first presented to the Audit Committee and subsequently to the Board for their approval. In addition, various matters such as appointment of Directors and Key Managerial Personnel, corporate actions, review of internal and statutory audits, details of investor grievances, important managerial decisions, material positive/negative developments and statutory matters are presented to the respective Committees of the Board and later with the recommendation of Committees to the Board of Directors for their approval.

As a system, in most cases, information to Directors is submitted along with the agenda papers well in advance of the Board meeting. Inputs and feedback of Board Members are taken and considered while preparation of agenda and documents for the Board meeting.

**Post-Meeting Follow-Up System**

After the Board meeting, we have formal system of follow-up, review and reporting on actions taken by the management on the decisions of the Board and subcommittees of the Board.

**5. Meeting of Independent Directors:**

During the financial year a meeting of the Independent Directors was held on Thursday (Day) 21.03.2023 which was attended by all the Independent Directors of the Company as on that date i.e. Mr. Richard Holden Gall and Mrs. Akthar Begum.

At this meeting the Independent Directors reviewed the performance of the Board and the Non-Independent Directors in line with the requirement of Regulation 25(4) of SEBI Regulations, 2015.

The Board of Directors of the Company is of the opinion that the Independent Directors of the Company fulfill the conditions specified in the Act and the Listing regulations and are independent of the management.

**6. List of Core Skill/Expertise/Competencies:**

Pursuant to the provisions contained in the Listing Regulations, the Board of Directors of the Company has identified various skills, expertise and competencies that the Board possesses. The specific areas of focus or expertise that the Individual Directors of the Company possess have been provided below:

**Area of Expertise**

Director	Industry Experience	Technical Skill	Board Service & Governance	Finance & Accounting Experience	Strategic Planning	Sales & Marketing	Leadership
Asif Khader	✓	✓	✓	✓	✓	✓	✓
Mueed Khader	✓		✓		✓	✓	✓
Richard Holden Gall	✓	✓	✓	✓	✓	✓	✓
Akthar Begum			✓	✓	✓		





## 7. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT:

The Company is consistently endeavoring to conduct its business in accordance with the highest standards of business ethics and to comply with applicable laws, rules and regulations. The Company believes that a good corporate governance structure would not only encourage value creation but also provide accountability and control systems to commensurate with the risks involved. All Directors and Senior Management Personnel have affirmed compliance with the Code and a declaration to this effect, duly signed by the Managing Director is annexed hereto.

## 8. PREVENTION OF INSIDER TRADING:

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a code of conduct for prevention of insider trading and the required disclosure practices. In addition, the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information has been formulated by the Board of Directors and is available on the website of the Company for download.

## 9. BOARD COMMITTEES:

Your Board has multiple Committees, each being duly constituted with suitable combination of Independent and Non-Independent Directors as stipulated under the Act and the Listing Regulations. Each Committee has been entrusted with specific terms of reference to focus effectively on pre-defined matters to ensure specific resolution on diverse matters.

The Board reviews the functioning of these committees from time to time. The Company Secretary acts as Secretary to most of the Committees. Minutes of all Committee Meetings are placed before the Board for their review and noting. The recommendations of the Committees are also placed before the Board, by their respective Chairman. The constitution, terms of reference and other relevant details on functioning of the various Board Committees are explained herein.

The Board has constituted the following committees:

- Audit Committee;
- Nomination & Remuneration Committee;
- Stakeholders' Relationship Committee;
- Corporate Social Responsibility Committee;

## 10. AUDIT COMMITTEE:

### Terms of Reference

**The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:**

- Investigate any matter within its terms of reference or in relation to the compliance with the provisions of the Companies Act, 2013 or referred to it by the Board;
- To seek any information it requires from any employee;
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary;
- Have full access to information contained in the records of the Company;

**The role of the Committee includes the following:**

- (a) To oversee the Company's financial reporting process and the disclosure of its financial information and to ensure that the financial statements are correct, sufficient and credible;
- (b) To recommend the appointment, remuneration, terms of appointment and removal of Statutory Auditor, and to review the manner of rotation of Statutory Auditor;
- (c) To approve transactions of the Company with related parties, including modifications thereto;
- (d) To review and monitor the Statutory Auditor's independence and performance, and effectiveness of the audit process;



- (e) To evaluate the Company's internal financial controls and risk management systems;
- (f) Scrutiny of inter-corporate loans and investments;
- (g) To review with the management the Annual and Quarterly financial statements and Auditor's Report thereon before submission to the Board for approval;
- (h) To review the following:
  1. Management discussion and analysis of financial condition and results of operations;
  2. Adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board, such review to be done in consultation with the management, Statutory and Internal Auditors;
  3. Reports of Internal Audit and discussion with Internal Auditors on any significant findings and follow-up thereon;
  4. System / manner of maintenance, storage, retrieval, display, print out and security of books of account of the Company maintained in the electronic form;
  5. Functioning of Whistle Blower Mechanism.

The audit committee was re-constituted on October 25, 2023 and as on March 31, 2023 the committee comprises of three directors viz. Mr. Asif Khader, Ms. Akthar Begum and Mr. Richard Holden Gall (independent Director) is the chairman of the committee. The company secretary of the company is the secretary to this committee.

Further, the committee invites such of the executives as it considers appropriate, representatives of the statutory auditors and internal auditors, to be present at its meetings.

During the year under review, the audit committee met Four (4) times on 30.05.2022, 13.08.2022, 14.11.2022 and 21.03.2023. The Composition & attendance of the members of the committee is given below: -

Audit Committee Member	Category	No. of Meetings Attended
Mr. Asif Khader	Executive, Non Independent Director	4
Mr. Richard Holden Gall	Non-Executive, Independent Director	4
Ms. Akthar Begum	Non-Executive, Independent Director	4

## 11. NOMINATION AND REMUNERATION COMMITTEE:

### Terms of Reference

- To determine the compensation packages of Executive Directors and Senior Executives of the Company. The committee will review recommendations made to it by the Company and others.
- To act as the duly authorized committee of the Board.
- To determine the parameters and supervise the operation of the bonus schemes of the Company.
- To investigate any activity within its terms of reference.
- To seek any information from any employee of the Company. Employees are directed to cooperate with any relevant request made.
- To obtain outside legal or independent professional advice. Such advisors may attend meetings as necessary.
- To incur such reasonable expenditure, as it deems necessary.



- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.

The Board has constituted a Nomination and Remuneration Committee in line with the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations. The Committee, inter-alia, co-ordinates and oversees the annual performance evaluation of the Board, Committees and individual Directors.

During the year under review, the Nomination and Remuneration Committee met One (1) time on 21.03.2023. The Composition & attendance of the members of the committee is given below:

Nomination and Remuneration Committee Member	Category	No. of Meetings Attended
Mr. Mueed Khader	Non-Executive, Non-Independent Director	1
Mr. Richard Holden Gall	Non-Executive, Independent Director	1
Ms. Akthar Begum	Non-Executive, Independent Director	1

## 12. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

### Terms of Reference

The Committee monitors the Company's response to investor complaints like non receipt of dividend, annual reports, notices etc. It has also been authorized to approve the issue of duplicate share certificates in lieu of those lost or destroyed. The composition and terms of reference of the Committee are in conformity with the requirements of Regulation 20 of the Listing Regulations and provisions of Section 178 of the Act. The Committee has been empowered to consider and resolve the grievances of the security holders of the Company.

### Functions and Powers:

- To review statutory compliance regarding the Equity share (Investors);
- To review various reports related to Investors;
- To review grievances of Investors;
- To review transfer of shares;
- To review transmission of shares;
- To review deletion of names from share certificates;
- To review change of name of Member on share certificates;
- To review issue of duplicate share certificates;
- To review dematerialization of shares and
- Any other matter relating to the above mentioned functions incidental to the shareholders/investors of the Company

In accordance with the provisions of the Listing Regulations, the power to execute transfers, transmissions, etc. of shares in the physical form has been delegated to the Registrar & Share Transfer Agents.

The Stakeholders' Relationship Committee presently comprises of Mr. Mueed Khader, Mr. Asif Khader, and Ms. Akthar Begum. The Chairman of the Committee is Ms. Akthar Begum. The Company Secretary of the Company is the Secretary to this Committee.

During the year under review, the Stakeholders' Relationship Committee met One (1) time on 30.05.2022. The Composition & attendance of the members of the committee is given below: -

<b>Stakeholders' Relationship Committee Member</b>	<b>Category</b>	<b>No. of Meetings Attended</b>
Mr. Asif Khader	Executive, Non-Independent Director	1
Mr. Mueed Khader	Non-Executive, Non-Independent Director	1
Ms. Akthar Begum	Non-Executive, Independent Director	1

Details of Shareholders' Complaints received, resolved & pending during FY-2022-23:

<b>Particulars</b>	<b>Nos.</b>
Complaints pending as on April 1, 2022	Nil
Complaints received during the year ended March 31, 2023	Nil
Complaints resolved during the year ended March 31, 2023	Nil
Complaints pending as on March 31, 2023	Nil

### **13. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

#### **Terms of Reference**

- To formulate and recommend to the Board a Policy on Corporate Social Responsibility ("CSR") which shall include the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013 to discharge its CSR.
- Recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company to discharge its CSR.
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.
- Any other matter / thing as may be considered expedient by the Members in furtherance of and to comply with the CSR Policy of the Company.

The Corporate Social Responsibility Committee presently comprises of Mr. Mueed Khader, Mr. Asif Khader, and Mr. Richard Holden Gall. The Chairman of the Committee is Mr. Mueed Khader. The Company Secretary of the Company is the Secretary to this Committee.

During the year under review, the Corporate Social Responsibility Committee met One (1) time on 30.05.2022. The Composition & attendance of the members of the committee is given below: -

<b>Corporate Social Responsibility Committee Member</b>	<b>Category</b>	<b>No. of Meetings Attended</b>
Mr. Mueed Khader	Non-Executive, Non-Independent Director	1
Mr. Asif Khader	Executive, Non-Independent Director	1
Mr. Richard Holden Gall	Non-Executive, Independent Director	1



#### 14. GENERAL BODY MEETINGS:

The details of last three Annual General Meetings and Special resolution passed are given as follows: -

Nature of Meeting	Day, Date and Time of the Meeting	Venue	Number of Special Resolutions
AGM for theF.Y 2021-22	Thursday, September 30, 2022 at 10:30 A.M. IST	Oleander Hall, Iris Hotel, 70, Brigade Road, Bangalore – 560025	1 (One)
AGM for theF.Y 2020-21	Thursday, September 30, 2021 at 11:00 A.M. IST	Oleander Hall, Iris Hotel, 70, Brigade Road, Bangalore – 560025	3 (three)
AGM for theF.Y 2019-20	Wednesday, December 30, 2020 at 11:00 A.M. IST	Oleander Hall, Iris Hotel, 70, Brigade Road, Bangalore – 560025	1 (one)

**Extra Ordinary General Meeting:** No Extraordinary General Meeting was held during the financial year 2022-23. No resolution was passed by the Company last year through Postal Ballot. None of the businesses proposed to be passed at the ensuing AGM require passing a resolution through Postal Ballot.

The Company has appointed Mr. Supriya Kumar Guha (Membership No. F2625 and Certificate of Practices Number 14795), Practicing Company Secretary, to conduct and scrutinize the e-voting process, for the forthcoming general meeting.

#### 15. CEO/CFO Certification:

The CEO/ CFO certificate on the financial statements of the Company as required under Regulation 17(8) read with Schedule II Part B of the Listing Regulations, part of this report and is annexed herewith as Annexure- A.

#### 16. Means of communication:

In accordance with Regulation 47 of the Listing Regulations, quarterly, half-yearly and annual financial results of your Company are published in prominent daily newspapers viz. the 'Business Standard' and 'Sanjevani'. As required under Regulation 46 of the Listing Regulations, the results are also displayed on the Company's website at [www.cranessoftware.com](http://www.cranessoftware.com) / Investor.

All price-sensitive information and requisite material disclosures are also displayed on the website of the Company after its dissemination to the Stock Exchanges. The Company's website is a comprehensive reference for all stakeholders as prescribed under the Listing Regulations.

#### 17. Weblinks

#	Particulars	Weblinks
i	Familiarization programs imparted to Independent Director at the time of their appointment	<a href="https://www.cranessoftware.com/downloads/investor/annual_report/cranes-familiarization-programmes-imparted-to-independent-directors.pdf">https://www.cranessoftware.com/downloads/investor/annual_report/cranes-familiarization-programmes-imparted-to-independent-directors.pdf</a>
ii	Policy for determining 'material' subsidiaries	<a href="https://www.cranessoftware.com/downloads/investor/annual_report/cranes-policy-for-determining-material-subsiidiaries.pdf">https://www.cranessoftware.com/downloads/investor/annual_report/cranes-policy-for-determining-material-subsiidiaries.pdf</a>
iii	Policy on dealing with related parties transactions	<a href="https://www.cranessoftware.com/downloads/investor/annual_report/cranes-policy-on-materiality-of-related-party-transactions.pdf">https://www.cranessoftware.com/downloads/investor/annual_report/cranes-policy-on-materiality-of-related-party-transactions.pdf</a>



**18. GENERAL SHAREHOLDERS INFORMATION:**

**i) 38<sup>th</sup> Annual General Meeting:**

Date: December 30, 2023

Time: 12:30 P.M.

**ii) Date of Book Closure:**

Book closure starts from December 23rd to December 30th (Both days included)

**iii) Financial Calendar 2023-2024 (Tentative):**

First Quarter Results	December, 2023 (Un-audited)
Second Quarter Results	December, 2023 (Un-audited)
Third Quarter Results	February, 2024 (Un-audited)
Fourth Quarter Results	May, 2024 (Audited)

**iv) Listing:**

Name of the Stock Exchange	ISIN	Stock Code
Bombay Stock Exchange Ltd. (BSE) P J Towers, Dalal Street, Mumbai - 400001 The Listing Fee has been paid to the Stock Exchange	INE234B01023	512093

**v) Market Price Data:**

The monthly high and low prices and trading volume of shares of your Company at Bombay Stock Exchange ("BSE") for the year ended March 31, 2023 are as under:

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)	Spread High-Low	Spread Close-Open
Apr-22	3.02	3.94	2.94	3.16	3288886	6111	11012431	1	0.14
May-22	3.20	3.44	2.70	2.90	1931131	4505	5775273	0.74	-0.3
Jun-22	2.98	3.08	1.92	2.75	1806649	3782	4778480	1.16	-0.23
Jul-22	2.75	2.77	2.22	2.35	1115037	2666	2766177	0.55	-0.4
Aug-22	2.30	3.90	2.16	3.07	3173483	3846	10041504	1.74	0.77
Sep-22	3.05	3.45	2.84	2.99	3519572	5371	11217457	0.61	-0.06
Oct-22	2.99	3.46	2.75	3.45	1686401	2859	5240737	0.71	0.46
Nov-22	3.46	4.26	3.13	3.50	3273802	4089	12091971	1.13	0.04
Dec-22	3.45	3.97	3.10	3.65	2262585	3596	8009322	0.87	0.2
Jan-23	3.80	3.85	3.17	3.30	1413415	2615	5026093	0.68	-0.5
Feb-23	3.30	3.60	2.91	3.09	897133	2218	2972706	0.69	-0.21
Mar-23	3.19	3.55	2.21	2.37	1332055	2580	3989584	1.34	-0.82

**vi) Registrar & Transfer Agent:**

The work related to Share Transfer Registry in terms of both physical and electronic mode is being dealt with by M/s Integrated Registry Management Services Private Ltd. as per address given below: -

M/s. Integrated Registry Management Services Private Ltd No.30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003.

**vii) Share Transfer System:**

The share transfers in physical form are processed and the share certificates returned within a period of 10 to 15 days from the date of receipt by the Registrar and Transfer Agent, provided the documents are complete in all respects. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository participants. The company as per SEBI Guidelines offers the facilities of transfer cum demat. There are no pending share transfers and requests for Demat as on March 31, 2023. In terms of Regulation 40(9) of the Listing Regulations, certificates on half-yearly basis, have been issued by a Practicing Company Secretary with respect to due compliances of share transfer formalities etc., by the Company.

**viii) Distribution of Shareholding pattern of the Company as on March 31, 2023:**

Shares holding (1)	Share holders		Shares	
	Number (2)	% to Total (3)	Number (4)	% to Total (5)
upto 500	26047	67.84	4758013	4.04
501-1,000	5285	13.77	4576183	3.89
1,001-2,000	3115	8.11	4956556	4.21
2,001-3,000	1211	3.15	3189672	2.71
3,001-4,000	566	1.47	2072382	1.76
4,001-5,000	562	1.46	2702388	2.29
5,001-10,000	851	2.22	6470597	5.49
10001 & above	756	1.97	89041059	75.61
	<b>38393</b>	<b>100.00</b>	<b>117766850</b>	<b>100.00</b>

**ix) Categories of Shareholders as on March 31, 2023:**

Particulars	No. of Shareholders	No. of Shares	% to total
Promoter and Promoter Group	6	7052700	5.99
Financial Institutions/ Banks	3	16584356	14.08
Insurance Companies	0	0	0.00
Foreign Portfolio Investors	1	1	0.00
Bodies Corporate	184	19297226	16.39
Resident	37917	67711087	57.50
Trust	2	2500	0.00
Clearing Members	22	41730	0.04
Foreign Nationals	1	16071	0.01
NRI	253	7060729	6.00
Others	1	450	0.00
<b>Total</b>	<b>38390</b>	<b>117766850</b>	<b>100.00</b>

**x) Dematerialisation of shares:**

As on March 31, 2023, 99.66% of the Capital representing 11,73,66,443 of the total shares is in dematerialised form.

**xi. Reconciliation of Share Capital Audit:**

A qualified PCS firm had carried out the share capital audit to reconcile the total admitted equity share capital with "NSDL" and "CDSL" and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

**xii. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion dates and likely impact on Equity:**

Your Company has not issued any GDRs/ADRs/Warrants or any convertible instruments during the year.

**xiii. Commodity Price Risk or foreign exchange risk and hedging activities:**

With respect to the commodity price, currency risk etc. please refer Management Discussion & Analysis Report.

**xiv. Address for correspondence:**

All shareholders' correspondence should be forwarded to M/s. Integrated Registry Management Services Private Ltd No.30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore-560 003, the Registrar and Transfer Agent of the Company or to the Investor Service Department at the Corporate Office: Cranes Software International Limited, No. 82, Presidency Building, 3rd & 4th Floor, St Marks' Road, Bangalore - 560001 (Karnataka)(India). Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).

**xv. Designated E-mail Address for Investor Services:**

As required under Regulation 46 of the Listing Regulations, the designated e-mail address for investor services, i.e. investor.grievances@cranessoftware.com is provided on the website of the Company to serve you better.

**xvi. Plant Location:**

The Company does not have any Manufacturing or Processing plant.

**xvii. SEBI Complaints Redressal System (SCORES):**

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressed of all the shareholders complaints. The company is in compliance with the SCORES and redressed the shareholders complaints well within the stipulated time.

**xviii. Compliance Certificate from Company Secretary in Practice:**

The Company Secretary in Practice has certified that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations and the same is annexed to this report.

**xix. Certificate from Company Secretary in Practice:**

Mr. Supriya Kumar Guha, Practicing Company Secretary has certified that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Ministry of Corporate Affairs or any such authority and the same is annexed to this report.

**xx. Dividend Payment Date :**

The Company has not declared any dividend for the relevant Financial Year 2022-23.

**xxi. Sexual Harassment of Women at Workplace:**

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013





Particulars	Nos.
Number of Complaints filed during the financial year	0
Number of Complaints disposed off during the financial year	0
Number of Complaints pending as on end of the financial year	0

**18. OTHER DISCLOSURE:**

- There was no materially significant related party transaction that may have any potential conflict with interest of the Company at large. The transactions with related parties do not have potential conflict with the interests of the Company at large. A comprehensive list of related party transactions as required by the Indian Accounting Standards (Ind AS) issued by Institute of Chartered Accountants of India, forms part of Note no. 42 of the Accounts in the Annual Report.
- The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior.
- The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct.
- There are audit qualifications on the Company's Financial Statements for the year ended March 31, 2023. The Internal Auditor reports directly to the Audit Committee as and when required.



**DECLARATION UNDER REGULATION 26 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE, 2015 REQUIREMENTS) REGULATIONS**

I, Asif Khader, Managing Director of Cranes Software International Limited declare that all Board Members and Senior Management personnel have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended March 31, 2023.

**Date: 07-12-2023**  
**Place: Bengaluru**

**Sd/-**  
**Asif Khader**  
**Managing Director**



## CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

To,  
**The Members**  
**Cranes Software International Limited**  
 No. 82, Presidency Building, 3rd & 4th floor,  
 St Marks' Road, Bangalore, Karnataka, India, 560001

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. CRANES SOFTWARE INTERNATIONAL LIMITED, having CIN L05190KA1984PLC031621 and having registered office at No. 82, Presidency Building, 3rd & 4th Floor, ST Marks' Road, Bangalore - 560001 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs (MCA) or any such other Statutory Authority.

Sl. No.	Name of the Director	DIN	Date of Appointment in Company	Status of Directorship
1.	Mr. Asif Khader	00104893	30/04/2002	Chairman & Managing Director
2.	Mr. Mueed Khader	00106674	30/04/2002	Non-executive & Non-Independent Director
3.	Mr. Richard Holden Gall*	00906340	16/05/2002	Independent Director
4.	Ms. Akthar Begum**	07624256	12/08/2016	Independent Director

\*Re-appointed Independent Director vide special resolution at the Annual General Meeting held on September 28, 2019 and special resolution at the Annual General Meeting held on December 29, 2020 on attaining 75 years of age.

\*\*Re-appointed Independent Director vide special resolution passed at the Annual General Meeting held on September 30, 2021.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Disclaimer: The Directors of the Company i.e Mr. Asif Khader, Mr. Richard Holden Gall and Mr. Mueed Khader were disqualified to act as directors under Section 164(2) of the Companies Act, 2013. However, the said directors had filed a Writ Petition and obtained Interim stay against the disqualification from the High Court of Karnataka.**

**Further the DIN Status of the above mentioned directors has been changed from Disqualified under Section 164(2) to 'Active' on the MCA Portal by the Registrar of Companies, Bangalore.**

**Hence, this certificate is been given based on the DIN status available on the MCA Portal as on the date of signing.**

Date: 06-12-2023  
 Place: Bangalore

Sd/-  
 (Supriya Kumar Guha)  
 Company Secretary in Practice  
 (FCS 2625 / CoP 14795)  
 UDIN : F002625E002854408



**ANNEXURE II**

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE  
[Pursuant to Regulation 34 read with Schedule V to the SEBI (Listing Obligations  
and Disclosure, 2015 Requirements) Regulations.]**

**To,**  
**The Members**  
**Cranes Software International Limited**  
No. 82, Presidency Building, 3rd & 4th floor,  
St Marks' Road, Bangalore, Karnataka, India, 560001

I have examined the compliance of the conditions of Corporate Governance by Cranes Software International Limited for the year ended on March 31, 2023, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [collectively referred to as "SEBI Listing Regulations, 2015"]. The Compliance of conditions of Corporate Governance is the responsibility of the Management.

My examination was limited to review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In my opinion and to the best of my information and according to the explanations given to us and based on the representation made by the Directors and Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI Listing Regulations, 2015.

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

**Date: November 03, 2023**  
**Place: Bangalore**

**Sd/-**  
**(Supriya Kumar Guha)**  
**Company Secretary in Practice**  
**(FCS 2625 / CoP 14795)**  
**UDIN : F002625E001630669**



## ANNEXURE- A

### CEO/CFO CERTIFICATION

To,  
The Board of Directors,  
Cranes Software International Limited

We, Manjunath H, Chief Financial Officer and Asif Khader, Managing Director of the Company, hereby certify to the Board that we have reviewed the Audited Financial Results for the quarter ended March 31, 2023 and that to the best of our knowledge and belief certify that:

- a. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2023 and that to the best of our knowledge and belief, we state that:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b. There are to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2023 which is fraudulent, illegal or violate the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee that:
  - i. There have been no significant changes in internal control over financial reporting during the year;
  - ii. There have been no significant changes in accounting policies during the period
  - iii. There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For, CRANES SOFTWARE INTERNATIONAL LIMITED**

Sd/-

Sd/-

**Date: November 03, 2023**

**Place: Bengaluru**

**Manjunath H**  
**CFO**  
**PAN: ANBPM6724F**

**Asif Khader**  
**Managing Director**  
**DIN: 00104893**



## ANNEXURE III

### MANAGEMENT DISCUSSION & ANALYSIS REPORT (Annexure to Board's 2022-23 Report)

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

#### Overview:

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

#### Global Business Environment:

Despite challenges posed by supply chain disruptions, inflation, talent shortages and geopolitical uncertainties, Gartner projects Worldwide IT spending to reach \$4.4 trillion in 2023 (a 4% increase from 2022). Businesses are expected to accelerate IT investments, particularly in areas like cloud computing, analytics, security and seamless customer experiences. As IT talent challenges lead to more competitive salaries, Technology Services providers are expected to fuel growth through 2023-24 with higher prices. IT spending on hold in early 2023 due to the Omicron variant and subsequent waves is getting freed up in most sectors. Gartner's forecasts show software spending growing 9.8% to \$674.9 billion in 2023 and IT services is forecast to grow 6.8% to reach \$1.3 trillion.

India's current market conditions continue to reflect growing recovery from the pandemic's economic impact, especially in the industrial and manufacturing sectors and from disruption in the services segment. Focused businesses in the IT sector, particularly the Ed-Tech segment, have rebounded well by learning from, anticipating, and leveraging the new business realities stemming from lockdowns, remote-working, and changed expectations of business stakeholders. Education & Learning now globally present a \$5.5 to \$6 trillion dollar market and Ed-Tech has become a large and rapidly growing part of the overall education market, with forecasts of close to \$200 billion in revenue today and growing at about 15% annually. Consequently, public and private valuations of Ed-Tech businesses are being made in the range of 10X to 20X of revenue.

#### Cranes Software: Business Initiatives & Structure:

The Company has focused in the post-Pandemic era on core business strengths and processes based on its legacy, recognition, competencies, and customer relationships. Over the past year, Company Management has continued to rely on strategic planning and actions, prioritized capital infusion, and business collaborations to make good progress in operational effectiveness, margins and market reach. Cranes has successfully tackled the Pandemic-related slowdown and achieved significant stability and growth by applying its core Ed-Tech legacy and growing Hybrid Training strengths to emerging business and market realities.

#### Core Business highlights for FY 2022-23: -

- The Varsity Business continued its sharp focus on three verticals - Retail/Students; Working Professionals; & Corporates, while growing its collaborations with Knowledge Partners and maintaining necessary presence in the Colleges/Universities segment.
- About 3,020 college students, engineers, & working professionals from across India & abroad were trained in Placement-Oriented Programs, Internships, Technical Workshops & Reskilling/Upskilling courses.
- FY 2022-2023 saw a major breakthrough for Providing training to 750 staff of Government of California by signing the agreement.
- Collaborated with IT-ITes SSC NASSCOM to launch a Boot Camp program in Embedded Software Engineering! This is a great opportunity to leverage our expertise and knowledge to help train and develop the next generation of embedded software engineers.



- An Exemplary mega event for a perfect learning was organised for 5 days for 1000 students from VIT Bhopal through a multi-track hands-on program.
- Kickstarted college training Vertical post-pandemic with a new team! Successfully delivered trainings to 1400 + college students. Major colleges included BNMIT, Acropolis, Reva, SJCIT, Atria. Delivering effective training programs to educational institutions is a critical component of preparing students for successful careers in their chosen fields.
- Stated a new course - Diploma in Business Analytics for non-engineers with placement assistance. This is a great initiative to train BA students and place them in BFSI sectors. Placed students in Bosch.
- Strengthened our engagement as Knowledge partner with Career Labs.
- Over 1,168 participants were trained under the corporate segment Conducted series of training programmes for top Corporates like Bosch, Veoneer, UST Global, Thales, Tech Mahindra and BEL. This is a significant achievement and a testament to our expertise and reputation in the field of training and development.
- Close to 400 students were trained in Engineering courses including Electrical/Electronics, Computer Science, Aeronautics, Automobile, Mechanical and Instrumentation.
- 154 students were trained and placed in the Automotive, Manufacturing, Engineering, Semiconductor, Aerospace, Telcom and IT sectors with prestigious businesses including startups, mid-level & large businesses, and MNCs.
- Hiring partners included high profile firms like Accolade, BORQS, Cyient, Genpact, Great Wall Motors Harman, IAST, Infineon, Johnson Controls, L&T, LG Soft, LTTS, Luxoft, Marelli, Mindteck, Mindtree, Mirafr, NIC, Onward Technologies, Robert Bosch, Tech Mahindra, Tosall, Triphase and ZF Technology to name a few.
- Expanded relationships to cover businesses like BEL, C-DOT, Tata Advanced Systems, Talodyn, Techademy, Bosch Global, CTACTION, Allegis, Suprajith, U R Rao Satellite Centre, Park Controls, LRDE - DRDO, L&T and Sharp Software.
- Successfully expanded the Varsity Hybrid Training Model based on Onsite & Online delivery, with good leverage of the proprietary Cranes Online Training platform.
- Catered to unique needs of working professionals by Weekend & Evening programs and targeted Placement for Reskilling & Upskilling courses.
- Built upon the Train-Hire-Deploy model with recognized successes for companies like LTTS, Tata Elxsi & Umlaut.

### Opportunities & Threats:

Over the past year, our Company Management successfully kept the business stabilized and growing despite the wide-spread impact from the pandemic crisis. Management simultaneously continued the push for 'debt-free & litigation-free' settlement of its financial burden from the 2007-08 global downturn. Cranes business IP and assets were creatively leveraged, and capital was strategically infused to stabilize core business operations, while also settling institutional debts, financial liabilities to employees, vendors and partners, and multiple legal, statutory and compliance cases.

Cranes Management actions have preserved the Cranes business, goodwill and legacy for the benefit of our valued stakeholders. Over the past year, OTS resolutions have been achieved for past debts with major banks; one final pending bank loan should be resolved within a few months. The resulting stability and growth of the core Cranes business have validated the strategic evolution of Cranes into an "Assets-Lite and IP-rich" business which strategically leverages its core competencies & legacy in Ed-Tech legacy for emerging Hybrid & Online Training demands.



On a standalone basis, the Company's Cranes Varsity division has recovered well over the past year by reinforcing its market position in the training and education market. Your company has become stabilized and also achieved growth by expanding the scope and reach of its Ed-Tech training, and our placement strengths and portfolios to meet evolving demands of students and corporates; and consolidating our Hybrid Training expertise and programs, as well as collaborations with Knowledge Partners, for growth in the expanding Online training industry. We are also addressing the unique needs of working professionals via innovative evening/weekend courses, targeted placements and novel Train-Hire-Deploy programs.

The Company's balance sheet is fundamentally strengthened by settling lingering corporate debts owed to several large, secured lenders. We have attempted hard to mitigate the large potential risk from pending winding-up and liquidation actions in litigation by CSIL's FCCB holders and pending regulatory actions. Company Management is pleased that your company has strategically been moved to soon become a debt/litigation-free business.

With these strategic moves, your company is poised to actively participate with its sharpened core competencies in the globally expanding Ed-Tech market which, as noted above, is forecast at about \$200 billion and growing 15% annually. We are optimistic that the stage is set for Cranes Software to build and grow upon its core Ed-Tech origins and expand this legacy!

**Risk Management:**

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

**Human Resources:**

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

**Internal Control Systems:**

Management recognizes the importance of strong internal control systems and processes to support further growth opportunities. We expect to benefit from and build upon the Company's certification under ISO 9001 standards in FY2002 and the subsequent achievements of SEICMM Level 5 during FY 2005, and ISO 27001 Information Security Management System in FY 2006 as well as SEI-CMMi Level 5 assessment for its processes.

**Safe Harbor:**

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





## ANNEXURE IV

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

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

### Notes;

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

## ANNEXURE V

### BOARD'S REPLY TO AUDITORS QUALIFICATIONS

Details of Audit Qualification	Management's Views
<p><b>1</b> <i>The Company has been defaulted in booking and payment of various statutory dues to various statutory authorities.</i></p> <p><i>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 favour of the respective statutory authorities</i></p>	<p>Under difficult business uncertainties and dire financial constraints, the company reasonably utilized available funds to cover critical liabilities and sustain essential business operations. With a range of favorable resolutions and settlements being actively pursued, and strong focus on business stability and revival, the company fully intends to take care of liabilities, statutory dues and interests of its valued employees, partners and other stakeholders.</p>
<p><b>2.</b> <i>The company has not complied with RBI guidelines since March 2011</i></p>	
<p><b>3.</b> <i>In our opinion the securities provided to Banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet</i></p> <p><i>Loan availed by the company from 'UPS Capital Business Credit' remains unpaid and is overdue since April 2014. The management is of the view that the liability of INR 696.37 lakhs (including interest) reflected in the financial statements will adequately cover its liability on settlement of dues and therefore no provision for interest is provided for the period ended 31st March, 2023</i></p> <p><i>In continuation to the point 'vii' above, the company has also discontinued the restatement of the Exchange fluctuation gain / loss on account of the outstanding due towards 'UPS Capital Business Credit' 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 period ended 31st March, 2023</i></p> <p><i>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 5050.28 lakhs on such outstanding amounts for the period ended 31st March, 2023 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 period ended 31st March, 2023 would have been higher by INR 5050.28 lakhs</i></p>	
	<p>The Company is in the process of reviewing all RBI filings and will shortly ensure all pending RBI compliances.</p> <p>The Company continues active defense of its position in these debt cases, and is in advanced settlement negotiations with both secured and unsecured lenders. Favorable settlements have been reached with some debtors and similar resolutions are expected with remaining debtors in due course</p>



<p><b><i>Wilful defaulter: The bank of India has declared Company and promoters as "wilful defaulter"</i></b></p>	
<p><b><i>4. 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 INR 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 period ended 31st March, 2023. Had such interest been provided in the books in the normal course, the present loss for the period ended 31st March, 2023 would have been higher by INR 1654.73 lakh</i></b></p>	<p>The Company has remained actively engaged with the FCCB holders toward a mutually-favorable resolution - the parties expect a settlement soon which satisfies bond-holders' interests and also sustains the company business by withdrawal of the winding-up petition</p> <p>The Company has remained actively engaged with the FCCB holders toward a mutually-favorable resolution - the Company reached a settlement with FCCB holder who filed the winding up petition and the Company petition for winding up petition has since been withdrawn.</p>
<p><b><i>In continuation to the point 'xi' 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 period ended 31st March, 2023 would have been higher by INR 1890.00 lakhs.</i></b></p>	
<p><b><i>5. Redemption of Foreign currency convertible bond amounting to INR. 29,085.00 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</i></b></p>	<p>The Company has remained actively engaged with the FCCB holders toward a mutually-favorable resolution - the Company reached a settlement with FCCB holder who filed the winding up petition and the Company petition for winding up petition has since been withdrawn.</p>
<p><b><i>6. Term loans and working capital loan availed by the company from Bank of India amounting to INR 39,006.21 lakhs remain unpaid and are overdue since 2009, remain unpaid and are overdue since 2009. The lender has 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</i></b></p>	<p>The Company is actively engaged with Bank of India for settlement of its dues and the discussion with Bank of India is in an advanced stage.</p>
<p><b><i>In our opinion the securities provided to Banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet</i></b></p>	



<p><b>7. We would like to draw the attention of the members to note no. 25 of the standalone Ind AS Financial Statements regarding default of payments to various statutory authorities</b></p>	<p>Under difficult business uncertainties and dire financial constraints, the company reasonably utilized available funds to cover critical liabilities and sustain essential business operations. With a range of favorable resolutions and settlements being actively pursued, and strong focus on business stability and revival, the company fully intends to take care of liabilities, statutory dues and interests of its valued employees, partners and other stakeholders.</p>
<p><b>8. We draw attention to Note No. 33 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</b></p>	<p>The Management continues to believe there is no diminution in the value of strategic financial and executive support provided as investment into its subsidiaries. The company has nurtured valuable IP rights and assets in these subsidiaries whose long-term value will be unlocked as and when the company is able to resume its normal business plans and operations. These are long-term, investments strategically linked to future growth of the company and the Management expects to recover good gains (including past receivables) based on planned business stabilizing and growth in these subsidiaries.</p>
<p><b>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</b></p>	
<p><b>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</b></p>	
<p><b>We would like to draw the attention of the members to note no. 23 of the financial statements regarding write off of advance due from a subsidiary amounting to INR 4794.30 lakhs. The company has not complied with the required permissions from the regulatory authorities towards the write off of advances</b></p>	
<p><b>We would like to draw the attention of the members to note no. 20 of the financial statements regarding write back of advances due to a subsidiary amounting to INR 7364.02 lakhs. The company has not complied with the required permissions from the regulatory authorities towards the write back of advances</b></p>	



Details of Audit Qualification (Consolidated)	Management's Views
<p><b>1</b> <i>The Company has been defaulted in booking and payment of various statutory dues to various statutory authorities.</i></p> <p><i>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 favour of the respective statutory authorities</i></p>	<p>Under difficult business uncertainties and dire financial constraints, the company reasonably utilized available funds to cover critical liabilities and sustain essential business operations. With a range of favorable resolutions and settlements being actively pursued, and strong focus on business stability and revival, the company fully intends to take care of liabilities, statutory dues and interests of its valued employees, partners and other stakeholders.</p>
<p><b>2</b> <i>The company has not complied with RBI guidelines since March 2011</i></p>	<p>The Company is in the process of reviewing all RBI filings and will shortly ensure all pending RBI compliances.</p>
<p><b>3</b> <i>In our opinion the securities provided to Banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet</i></p>	<p>The Company continues active defense of its position in these debt cases, and is in advanced settlement negotiations with both secured and unsecured lenders. Favorable settlements have been reached with some debtors and similar resolutions are expected with remaining debtors in due course</p>
<p><i>Loan availed by the company from 'UPS Capital Business Credit' remains unpaid and is overdue since April 2014. The management is of the view that the liability of INR 696.37 lakhs (including interest) reflected in the financial statements will adequately cover its liability on settlement of dues and therefore no provision for interest is provided for the period ended 31st March, 2023</i></p>	
<p><i>In continuation to the point 'vii' above, the company has also discontinued the restatement of the Exchange fluctuation gain / loss on account of the outstanding due towards 'UPS Capital Business Credit' 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 period ended 31st March, 2023</i></p>	
<p><i>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 5050.28 lakhs on such outstanding amounts for the period ended 31st March, 2023 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 period ended 31st March, 2023 would have been higher by INR 5050.28 lakhs</i></p> <p><i>Wilful defaulter: The bank of India has declared Company and promoters as "wilful defaulter"</i></p>	



<p><b>4</b> <i>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 INR 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 period ended 31st March, 2023. Had such interest been provided in the books in the normal course, the present loss for the period ended 31st March, 2023 would have been higher by INR 1654.73 lakh</i></p>	<p>The Company has remained actively engaged with the FCCB holders toward a mutually-favorable resolution - the parties expect a settlement soon which satisfies bond-holders' interests and also sustains the company business by withdrawal of the winding-up petition</p>
<p><i>In continuation to the point 'xi' 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 period ended 31st March, 2023 would have been higher by INR 1890.00 lakhs.</i></p>	



## ANNEXURE VI

### FORM NO. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2023

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

To,  
The Members,  
**Cranes Software International Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Cranes Software International Limited** (CIN: L05190KA1984PLC031621) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company to the extent provided to me and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

As informed by the Management, the Company had received intimation from the "Ministry of Corporate Affairs" during August 2019, stating that a winding up order was issued against the Company by the Hon'ble High Court of Karnataka. The said suit has since been withdrawn.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;**
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during the Audit Period as the Company has not issued any new securities);**
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not Applicable to the Company during the Audit period as the Company has not issued any ESOP/ESPS;**



- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable to the Company during the Audit period as the Company has not issued any Debt instruments/ Securities;**
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable to the Company during the Audit period as delisting of securities did not take place;**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the Audit period as the Company has not bought back its securities;**) and
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015;
- (vi) Other Laws applicable specifically to the Company namely:
- a. Information Technology Act, 2000 and the rules made thereunder
  - b. The foreign Exchange Management Act, 1999
  - c. The Export and Import policy of India;
  - d. The Indian Copyright Act, 1957;
  - e. The Patents Act, 1970;
  - f. The Trade Marks Act, 1999;
  - g. The Goods and Service Tax Act, 2017 and the rules made thereunder;
  - h. The Income Tax Act, 1961 and the rules made thereunder;
  - i. The Customs Act, 1962 and the rules made thereunder;
  - j. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013;
  - k. The Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976;
  - l. The Employees' Provident Fund and Miscellaneous Provisions Act 1952;
  - m. Employees' State Insurance Act, 1948;
  - n. Payment of Bonus Act, 1965;
  - o. Payment of Gratuity Act, 1972;
  - p. Maternity Benefit Act, 1961

In respect of other laws specifically applicable to the Company, I have relied upon information produced by the Company during the course of my audit and the reporting is limited to that extent.

**Further a detailed verification of the applicable laws was not conducted due to non-availability of the necessary information.**

In respect of Direct and Indirect Tax Laws like Income Tax Act, Goods and Service Tax Act, Custom Acts, compliance of accounting standards has relied on the Reports and Qualifications given by the Statutory Auditors of the Company and other designated professionals.

I have also examined compliance with respect to the Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.

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

- A. The Company has delayed in submitting the Annual Secretarial Compliance Report under Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).





This is a continuing default from the company as the company had also delayed filing the Annual Secretarial Compliance Report under Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) for the Financial Year ended 31 March 2022, Financial Year ended 31 March 2021 & Financial Year ended 31 March 2020.

- B. The Company has delayed in submitting the Annual Report to the Bombay Stock Exchange (BSE) pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and paid a fine of INR 18,880/- (Indian Rupees Eighteen Thousand Eight Hundred and Eighty only) inclusive of Goods and Service Tax (GST).

This is a continuing default from the company as the company had also delayed in submitting the Annual Report to the Bombay Stock Exchange (BSE) pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) for the Financial Year ended 31 March 2022.

- C. The Company has delayed in filing the Quarterly Results of the Company for the Quarter ended December 2022 to the BSE pursuant to Regulation 33(3)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and paid a fine of INR 1,65,200/- (Indian Rupees One Lakh Sixty-Five Thousand Two Hundred only) inclusive of Goods and Service Tax (GST).
- D. The Company has delayed in appointment of a qualified company secretary as the compliance officer of the company pursuant to Regulation 6(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and has paid a fine of INR 60,180/- (Indian Rupees Sixty Thousand one Hundred and Eighty only) inclusive of Goods and Service Tax (GST).
- E. The Company has delayed in submitting the Shareholding Pattern of the company for the Quarter ended June 2022 to the BSE pursuant to Regulation 31(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and paid a fine of INR 75,520/- (Indian Rupees Seventy- Five Thousand Five Hundred and Twenty only) inclusive of Goods and Service Tax (GST).
- F. The Company has delayed in submitting the Reconciliation of share capital audit report of the company for the Quarter ended September 2022 to the BSE pursuant to Regulation 76(1) of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- G. The Company has delayed in submitting the Related Party Transaction of the company for the half year ended September 2022 to the BSE pursuant to Regulation 23(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and paid a fine of INR 88,500/- (Indian Rupees Eighty- Eight Thousand Five Hundred only) inclusive of Goods and Service Tax (GST).
- H. The Company has violated the provision of Regulation 18(2)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent that the gap between two meetings of the Audit Committee of the Company was beyond one hundred and twenty days.
- I. The Company has not uploaded all the necessary information as required under Regulation 46 & 62 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on its website.
- J. As per Section III (Annexure 6) (Para 2.2d) of the Foreign Direct Investment Policy, the return of Foreign Assets and Liabilities for the current and previous audit periods, along with such other RBI Compliances as may be applicable to the Company has not been filed for the Company with the Reserve Bank of India.
- K. The Company has failed make necessary filings with respect to the Overseas Direct Investment and External Commercial Borrowings pursuant to the rules and regulations of the Foreign Exchange Management Act, 1999.



- L. The Company has appointed M/s Janardhan & Associates as the Internal Auditors of the Company pursuant to Section 138 of the Companies Act 2013 but have failed to file Form MGT-14 with the Registrar of Companies.
- M. The Company has not filed Form CHG-4's for Satisfaction of Charge pursuant to Section 82 of the Companies Act 2013 even though the Company has repaid the Loan amount to the respective Charge holders, namely The Jammu & Kashmir Bank Limited.

Further the Company had repaid the loan amount of due to the charge holders Hongkong & Shanghai Banking Corporation, State Bank of Travancore (now, State Bank of India) and International Asset Reconstruction Company Private Limited prior to the Financial Year under review, the Company had received the No Objection Certificate from these charge holders in the Financial Year under review and the same was filed in the Form CHG-4. Hence the Form CHG-4 reflects the date of satisfaction of charge in the Financial Year under review even though these loans were repaid much earlier.

- N. The Company has failed to Form BEN-2 pursuant to Section 90 of the Companies Act 2013 with the office of the Registrar of Companies.
- O. The Company has delayed in filing Form MGT-15 with the office of the Registrar of Companies pursuant to Section 121 of the Companies Act 2013 pertaining to Report on Annual General Meeting and has paid late filing fee.

Further, the Company also has not filed the Form MGT-15 pursuant to Section 121 of the Companies Act 2013 pertaining to Report on Annual General Meeting for the financial year ending March 31, 2019 with the office of the Registrar of Companies till the date of signing of this report.

- P. The Company has delayed in filing Form ADT-1 with the office of the Registrar of Companies pursuant to Section 139 of the Companies Act 2013 read along with Rule 4(2) of the Companies (Audit and Auditors) Rules, 2014 pertaining to Appointment of Statutory Auditors of the Company and has paid late filing fee.
- Q. The Company has delayed in filing Form MGT-14 with the office of the Registrar of Companies pursuant to Section 117 of the Companies Act 2013 for certain resolutions and has paid late filing fee.

Further, the Form MGT-14's for certain resolutions were not filed during the previous financial years as required under the provisions of the Companies Act, 2013, including the Appointment of Secretarial Auditors for the financial year ending March 31, 2020.

- R. The Company has delayed in filing the Annual return in Form MGT-7 with the office of the Registrar of Companies pursuant to Section 92 of the Companies Act 2013 read along with rule 11 of the Companies (Management and Administration) Rules, 2014 and has paid late filing fee.
- S. The Company has delayed in filing the Annual accounts in Form AOC-4 with the office of the Registrar of Companies pursuant to Section 137 of the Companies Act 2013 read along with rule 12(2) of the Companies (Accounts) Rules, 2014 and has paid late filing fee.

Further, the Company has filed the Annual accounts in Form AOC-4 with the office of the Registrar of Companies pursuant to Section 137 of the Companies Act 2013 read along with rule 12(2) of the Companies (Accounts) Rules, 2014 for the Financial Year ended 31 March 2021 in the Financial Year 2023-24 and has paid late filing fee.

- T. We have not received the signed copies of Minutes of the Meetings along with the attendance register and notice of the Board of Directors of the Company, the committees meetings and Shareholders meetings.
- U. We have not received the declaration from independent directors of the company about their independence and qualification pursuant to the provision of Companies Act 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- V. Transfer of unpaid /unclaimed Dividend amounts to IEPF of earlier periods could not be verified due to unavailability of necessary information.



W. The Company has delayed the payment of Annual Listing fee to BSE.

X. The Company has delayed the payment of annual fees to National Securities Depositories Limited and Central depository Services Limited.

**The Company has been advised to go for Compounding and Condonation of Delay wherever applicable and complete all the pending Statutory Compliances at the earliest.**

**I further report that**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors including Women Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Further, evidence has not been provided that the Independent directors Mr. Richard Holden Gall (DIN 00906340) & Ms. Akthar Begum (DIN: 07624256) have been registered with Indian Institute of Corporate Affairs as an Independent director.

Furthermore, the Company is advised to restructure and broad base the Board for better corporate governance practices.

- I was given to understand that majority decision is carried through in the Board and its committee meetings while the dissenting members' views are captured and recorded as part of the minutes. However, we have not noticed any dissenting views as per the minutes. Further foreign directors generally participate in discussions through video conferencing although authentication of the documents for video conferencing is not validated under Section 173 read with Rule 3 and Rule 4 of the Companies (Meeting of Board and its Powers) Rules, 2014.
- The Company needs to strengthen its systems and processes to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- **The Company needs to update all the statutory policies & charters to make it more in line with the current laws of the company in force**
- Adequate notice is given to all directors to schedule the Board Meetings, agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting. However, detailed notes on agenda items have not been sent always and at times sent late. The Company is advised to comply with the Secretarial standards issued by the Institute of Company Secretaries of India in letter and spirit.

**I further report that during the audit period, there were no instances of:**

- i. Public/Rights/Bonus/Preferential issue of shares/debentures/sweat equity.
- ii. Redemption/buy-back of securities.
- iii. Merger/amalgamation/reconstruction etc.
- iv. Foreign technical collaborations.

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Thank you,

**Supriya Kumar Guha**  
**(Company Secretary in Practice)**  
COP No.: 14795  
Membership No.: F2625

Dated : October 25, 2023  
Place: Bangalore

**UDIN: F002625E001455483**



## 'ANNEXURE A'

To,  
The Members,  
Cranes Software International Limited

**My report of even date is to be read along with this letter.**

1. Maintenance of secretarial records is the responsibility of the management of the company. My Responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. I have relied on the Audit report of the Statutory auditors.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on a test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Thank you,

**Supriya Kumar Guha**  
**(Company Secretary in Practice)**  
COP No.: 14795  
Membership No.: F2625

Dated : October 25, 2023  
Place: Bangalore

**UDIN: F002625E001455483**



## ANNEXURE-VIA

### BOARD'S REPLY TO SECRETARIAL AUDITORS QUALIFICATIONS

Sl. No.	Auditor's Remarks	Management Comments
1	The Company has delayed in submitting the Annual Secretarial Compliance Report under Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).	Due to few details pending from related parties, the same got delayed. The Company ensures to file the same on time from the ensuing year
	This is a continuing default from the company as the company had also delayed filing the Annual Secretarial Compliance Report under Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) for the Financial Year ended 31 March 2022, Financial Year ended 31 March 2021 & Financial Year ended 31 March 2020.	
2	The Company has delayed in submitting the Annual Report to the Bombay Stock Exchange (BSE) pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and paid a fine of INR 18,880/- (Indian Rupees Eighteen Thousand Eight Hundred and Eighty only) inclusive of Goods and Service Tax (GST).	It was missed inadvertently and the Company ensures to file it on time from the ensuing years
	This is a continuing default from the company as the company had also delayed in submitting the Annual Report to the Bombay Stock Exchange (BSE) pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) for the Financial Year ended 31 March 2022.	
3	The Company has delayed in filing the Quarterly Results of the Company for the Quarter ended December 2022 to the BSE pursuant to Regulation 33(3)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and paid a fine of INR 1,65,200/- (Indian Rupees One Lakh Sixty-Five Thousand Two Hundred only) inclusive of Goods and Service Tax (GST).	Due to delay in Limited Review Reports from the subsidiaries, the Company was unable to consolidate the quarterly results on time
4	The Company has delayed in appointment of a qualified company secretary as the compliance officer of the company pursuant to Regulation 6(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and has paid a fine of INR 60,180/- (Indian Rupees Sixty Thousand one Hundred and Eighty only) inclusive of Goods and Service Tax (GST).	Due to sudden demise of the earlier CS, the Company had to search for the right candidate and the process was delayed. However now the same has been ensured.
5	The Company has delayed in submitting the Shareholding Pattern of the company for the Quarter ended June 2022 to the BSE pursuant to Regulation 31(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and paid a fine of INR 75,520/- (Indian Rupees Seventy-Five Thousand Five Hundred and Twenty only) inclusive of Goods and Service Tax (GST).	The Company shall make sure the same is not repeated in the upcoming financial years.



6	The Company has delayed in submitting the Reconciliation of share capital audit report of the company for the Quarter ended September 2022 to the BSE pursuant to Regulation 76(1) of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.	The Company shall make sure the same is not repeated in the upcoming financial years.
7	The Company has delayed in submitting the Related Party Transaction of the company for the half year ended September 2022 to the BSE pursuant to Regulation 23(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and paid a fine of INR 88,500/- (Indian Rupees Eighty- Eight Thousand Five Hundred only) inclusive of Goods and Service Tax (GST).	The Company shall make sure the same is not repeated in the upcoming financial years.
8	The Company has violated the provision of Regulation 18(2)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent that the gap between two meetings of the Audit Committee of the Company was beyond one hundred and twenty days	The Company shall make sure the same is not repeated in the upcoming financial years.
9	The Company has not uploaded all the necessary information as required under Regulation 46 & 62 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on its website	The Management took note of the same and has been taken up with immediate effect
10	1. As per Section III (Annexure 6) (Para 2.2d) of the Foreign Direct Investment Policy, the return of Foreign Assets and Liabilities for the current and previous audit periods, along with such other RBI Compliances as may be applicable to the Company has not been filed for the Company with the Reserve Bank of India.	The Management took note of the same and has been taken up with immediate effect
11	The Company has failed make necessary filings with respect to the Overseas Direct Investment and External Commercial Borrowings pursuant to the rules and regulations of the Foreign Exchange Management Act, 1999.	The Management took note of the same and has been taken up with immediate effect
12	The Company has appointed M/s Janardhan & Associates as the Internal Auditors of the Company pursuant to Section 138 of the Companies Act 2013 but have failed to file Form MGT-14 with the Registrar of Companies.	It was missed inadvertently and the Company ensures to rectify the same immediately
13	The Company has not filed Form CHG-4's for Satisfaction of Charge pursuant to Section 82 of the Companies Act 2013 even though the Company has repaid the Loan amount to the respective Charge holders, namely The Jammu & Kashmir Bank Limited.	It was missed inadvertently and the Company ensures to rectify the same immediately
	Further the Company had repaid the loan amount of due to the charge holders Hongkong & Shanghai Banking Corporation, State Bank of Travancore (now, State Bank of India) and International Asset Reconstruction Company Private Limited prior to the Financial Year under review, the Company had received the No Objection Certificate from these charge holders in the Financial Year under review and the same was filed in the Form CHG-4. Hence the Form CHG-4 reflects the date of satisfaction of charge in the Financial Year under review even though these loans were repaid much earlier.	It was missed inadvertently and the Company ensures to rectify the same immediately



14	The Company has failed to Form BEN-2 pursuant to Section 90 of the Companies Act 2013 with the office of the Registrar of Companies.	It was missed inadvertently and the Company ensures to rectify the same immediately
15	The Company has delayed in filing Form MGT-15 with the office of the Registrar of Companies pursuant to Section 121 of the Companies Act 2013 pertaining to Report on Annual General Meeting and has paid late filing fee	It was missed inadvertently and the Company ensures to rectify the same immediately
	Further, the Company also has not filed the Form MGT-15 pursuant to Section 121 of the Companies Act 2013 pertaining to Report on Annual General Meeting for the financial year ending March 31, 2019 with the office of the Registrar of Companies till the date of signing of this report.	
16	The Company has delayed in filing Form ADT-1 with the office of the Registrar of Companies pursuant to Section 139 of the Companies Act 2013 read along with Rule 4(2) of the Companies (Audit and Auditors) Rules, 2014 pertaining to Appointment of Statutory Auditors of the Company and has paid late filing fee.	It was missed inadvertently and the Company rectified the same immediately as soon as it was observed
17	The Company has delayed in filing Form MGT-14 with the office of the Registrar of Companies pursuant to Section 117 of the Companies Act 2013 for certain resolutions and has paid late filing fee.	It was missed inadvertently and the Company rectified the same immediately as soon as it was observed
	Further, the Form MGT-14's for certain resolutions were not filed during the previous financial years as required under the provisions of the Companies Act, 2013, including the Appointment of Secretarial Auditors for the financial year ending March 31, 2020.	
18	The Company has delayed in filing the Annual return in Form MGT-7 with the office of the Registrar of Companies pursuant to Section 92 of the Companies Act 2013 read along with rule 11 of the Companies (Management and Administration) Rules, 2014 and has paid late filing fee.	It was missed inadvertently and the Company rectified the same immediately as soon as it was observed
19	The Company has delayed in filing the Annual accounts in Form AOC-4 with the office of the Registrar of Companies pursuant to Section 137 of the Companies Act 2013 read along with rule 12(2) of the Companies (Accounts) Rules, 2014 and has paid late filing fee.	It was missed inadvertently and the Company rectified the same immediately as soon as it was observed
	Further, the Company has filed the Annual accounts in Form AOC-4 with the office of the Registrar of Companies pursuant to Section 137 of the Companies Act 2013 read along with rule 12(2) of the Companies (Accounts) Rules, 2014 for the Financial Year ended 31 March 2021 in the Financial Year 2023-24 and has paid late filing fee.	
20	Transfer of unpaid /unclaimed Dividend amounts to IEPF of earlier periods could not be verified due to unavailability of necessary information.	The same has been shared



21	The Company has delayed the payment of Annual Listing fee to BSE.	It was missed inadvertently and the Company rectified the same immediately as soon as it was observed
22	The Company has delayed the payment of annual fees to National Securities Depositories Limited and Central depository Services Limited.	It was missed inadvertently and the Company rectified the same immediately as soon as it was observed

**Note:** Company management remains dedicated to satisfying all applicable regulatory standards and requirements of authorities like ROC, SEBI & RBI. We are focused on addressing the points noted by the Secretarial Auditor and implementing related recommendations. As noted in the main Annual Report, while the Company has faced pandemic-related business instability (including external impact such as service-provider issues) and disruptions for the year under review, management has diligently continued serious efforts toward resumption of normal operations. Unfortunately, this caused delays in compiling and timely filing of audited financials and other reporting which lead to penalties / fines. Management is being particular about satisfying regulatory requirements and timely filings and reports





## ANNEXURE VII

### FORM NO. AOC -2

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

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto -

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

- a) Name (s) of the related party & nature of relationship
- b) Nature of contracts/arrangements/transaction
- c) Duration of the contracts/arrangements/transaction
- d) Salient terms of the contracts or arrangements or transaction including the value, if any
- e) Justification for entering into such contracts or arrangements or transactions'
- f) Date(s) of approval by the Board
- g) Amount paid as advances, if any
- h) Date on which the special resolution was passed in General meeting as required under first proviso to section 188

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

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



## ANNEXURE VIII

### LIST OF SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES.

#### A List of Subsidiary Companies

- i Systat Software Inc, USA
- ii Systat Software Asia Pacific Limited
- iii Systat Software GmbH, Germany
- iv Analytix Systems Private Limited
- v Caravel Info Systems Pvt. Ltd.
- vi Proland Software Pvt. Ltd.
- vii Cranes Varsity Private Limited

#### B. List of Associate Companies

- i Orca Infotech Private Limited
- ii K and J Holdings Private Limited
- iii K & J Telecom Private Limited
- iv Jansons Land & Property Development Pvt. Ltd.
- v Spice Capital Fund Private Limited
- vi Sea Equity Private Limited

for and on behalf of the Board of Directors

Sd/-

Sd/-

Date: October 25, 2023  
Place: Bengaluru

Asif Khader  
Managing Director  
DIN: 00104893

Mueed Khader  
Director  
DIN: 00106674



## INDEPENDENT AUDITOR'S REPORT

To the members of CRANES SOFTWARE INTERNATIONAL LIMITED

Report on the Audit of the Standalone Ind AS Financial Statements

### Qualified Opinion

We have audited the accompanying Standalone Financial Statements of **Cranes Software International Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us except for the effect of the matters described in the "Basis for Qualified Opinion" section of our report, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its loss, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Qualification

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 31st March, 2023 is drawn on the basis of the Principle of 'Going Concern'. We opine as follows in this connection:
  - i. Due to Negative Net-worth and pending cases, it cast a significant uncertainty on the Company ability to continue as a going concern, however the management is hopeful for recovery hence the financials result prepared on going concern basis.
  - ii. Investment - As per Company accounting policy the Company has adopted fair value model to value the investment, but the company has been continuously valued all investment at cost price. Due to non-availability of current market value of investments we are unable to comment on the quantum of fair value adjustments required by the company. Details of Investment and Net-worth is as follows.

Particular	Investment value ( In Lakhs)	Net-worth ( In Lakhs) As on 31-03-2023	Relationship
Systat Software Inc USA	1851.18	(7185.12)	Subsidiary
Systat Software Asia Pacific Limited	38.00	50.44	Subsidiary
Systat Software GMBH - Germany	14.48	336.71	Subsidiary
Analytix Systems Private Limited	630.00	7.95	Subsidiary
Caravel Info Systems Pvt Ltd	362.33	(476.43)	Subsidiary
Proland Software Pvt Ltd	318.89	(645.89)	Subsidiary
Cranes Varsity Pvt Ltd	1.00	8.17	Subsidiary
Total	3215.88		



- iii. Expected credit loss: following assets are non-performing in nature hence As per IND AS 109 "Financials instrument" the company needs to provide ECL by following lifetime ECL model.

Particular	Amount in lakhs
Investment	3215.88
Loan and advances	902.11
Trade receivables	6,512.77

- iv. Legal proceedings u/s.138 of the Negotiable Instruments Act has been initiated by Bank of India.
- v. The Company has been defaulted in booking and payment of various statutory dues to various statutory authorities.
- vi. 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.
- vii. Loan availed by the company from 'UPS Capital Business Credit' remains unpaid and is overdue since April 2014. The management is of the view that the liability of INR 696.37 lakhs (including interest) reflected in the financial statements will adequately cover its liability on settlement of dues and therefore no provision for interest is provided for the period ended 31st March, 2023.
- viii. In continuation to the point 'vii' above, the company has also discontinued the restatement of the Exchange fluctuation gain / loss on account of the outstanding due towards 'UPS Capital Business Credit' 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 period ended 31st March,2023
- ix. 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 5050.28 lakhs on such outstanding amounts for the period ended 31st March, 2023 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 period ended 31st March, 2023 would have been higher by INR 5050.28 lakhs.
- x. Wilful defaulter: The bank of India has declared Company and promotors as "wilful defaulter".
- xi. 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 INR 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 period ended 31st March, 2023. Had such interest been provided in the books in the normal course, the present loss for the period ended 31st March, 2023 would have been higher by INR 1654.73 lakh
- xii. In continuation to the point 'xi' 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 period ended 31st March, 2023 would have been higher by INR 1890.00 lakhs.
- xiii. 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 favour of the respective statutory authorities.
- xiv. The company has not complied with RBI guidelines since March 2011



## Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

## Emphasis of Matter

The attached Balance Sheet as at 31st March, 2023 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  
Redemption of Foreign currency convertible bond amounting to INR. 29,085.00 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.
- b. Term loans and working capital loan availed by the company from Bank of India amounting to INR 39,006.21 lakhs remain unpaid and are overdue since 2009, remain unpaid and are overdue since 2009. The lender has 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. 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.
- d. We would like to draw the attention of the members to note no. 25 of the standalone Ind AS Financial Statements regarding default of payments to various statutory authorities.
- e. We draw attention to Note No. 33 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	Systat Software UK Ltd	437.91
2	Proland Software Private Limited	464.20
3	Systat Software Inc. (Net of Provision)	6512.77
	<b>Total</b>	<b>7,414.88</b>



- f. 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	Proland Software Pvt. Ltd.	318.89	(645.74)
2	Systat Software Inc. USA	1,851.18	(7,185.12)
3	Caravel Info System Private Limited	362.33	(476.43)
	<b>TOTAL</b>	<b>2,532.40</b>	<b>(8,307.44)</b>

- g. 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.
- h. 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. 14 of the Financial Statements)
- i. The company has provided for doubtful debts of INR 1,606.35 lakhs during the year, towards due from a subsidiary.
- j. We would like to draw the attention of the members to note no. 22 of the financial statements regarding write off of advance due from a subsidiary amounting to INR 4794.30 lakhs. The company has not complied with the required permissions from the regulatory authorities towards the write off of advances.
- k. We would like to draw the attention of the members to note no. 22 of the financial statements regarding write back of advances due to a subsidiary amounting to INR 1660.35 lakhs. The company has not complied with the required permissions from the regulatory authorities towards the write back of advances.
- l. 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.
- m. 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.
- n. 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 matters.

### Key Audit Matters

#### (a) Adoption of Ind AS 115- Revenue from contracts with customers:

As described in note number 2B to the financial statements, the company has adopted Ind AS 115 Revenue from Contracts with Customers which is the new accounting standard. Considering the nature of the industry, where revenue is recognized on basis the terms of each contract with customers, these commercial arrangements can be complex and significant judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation and the appropriateness of basis used to measure revenue recognized over the time period is applied in selecting the accounting basis in each case. Additionally, new revenue accounting standard contains disclosures which involves disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

#### (b) Assessment of the appropriateness of provisions recognized and contingent liabilities disclosed in respect of certain tax matters

(Refer notes 27 of the standalone Ind AS financial statements and Annexure A of the Audit Report)

As at March 31, 2023, the Company has significant tax exposures and is subject to periodic assessments/ challenges by tax authorities on transfer pricing, income tax and a range of indirect tax matters.

Consequent to such tax assessments and demands relating to past several years, the Company has paid certain amounts under protest at various dates. The Company has also filed appeals with various appellate authorities against such demands.



Management judgement is involved in assessing the likelihood of ultimate outcome of the tax disputes to decide on the accounting/ disclosure requirements. In certain complex matters the probable amount of the outflows determined by management is supported by opinions obtained from external tax counsels/ experts (management tax experts).

We considered this a key audit matter as:

- a. The amounts involved are significant to the standalone Ind AS financial statements
- b. Change in the management's judgements and estimates may significantly affect the provisions recognized or contingent liabilities disclosed
- c. Matters of disputes are complex in some cases due to the industry in which the Company operates and may lack clarity under tax laws.

### **How our audit addressed the key audit matters**

#### **Our responses:**

We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.

Our audit procedures to address the risk of material misstatement relating to revenue recognition includes testing of design and operating effectiveness of controls and substantive procedures as follows:

- a. Evaluated the design and operating effectiveness of internal controls relating to the implementation of new revenue standard;
- b. Evaluated detailed analysis performed by the management on each stream of revenue contracts.
- c. Selected samples from all streams of contracts to carry out a detailed analysis on recognition of revenue as per the five steps given in standard. Performed revenue transaction testing on samples selected from each stream of revenue where each input to revenue recognition, including estimates

Our audit procedures included the following:

- a. Understood, assessed and tested the design and operating effectiveness of the Company's controls in respect of identifying potential tax exposures and/or the accounting and disclosures thereof.
- b. Evaluated the related accounting policy for provisioning for tax exposures/ disclosure of contingent liabilities.
- c. Obtained management's assessment in respect of tax demands on whether tax outflow is either probable, possible or remote.
- d. Along with the auditors' experts, where necessary, evaluated the management's assessment as follows:
  - o Read the correspondences received during the year from the tax authorities.
  - o Read views provided by the management, management tax experts as applicable.
  - o Assessed management's positions on significant tax exposures for reasonableness.
  - o Ensured completeness of litigations by inquiring with the management, review of board minutes, and review of significant legal expenses.
  - o Evaluated the objectivity, competence and capabilities of the management tax experts
  - o Evaluated the adequacy of disclosures made in the standalone Ind AS financial statements.

Based on the above procedures, we considered the management's assessment in recognizing provisions and disclosing contingent liabilities in respect of the stated tax matters, as reasonable.

**Information Other than the Standalone Ind AS financial statements and Auditor's Report thereon**

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accompanying financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Ind AS financial statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company 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. 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 irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, 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 on the accompanying Financial Statements**

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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a. 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.
- b. 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.





- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. 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.
- e. 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of standalone financial statement may be influenced. We consider quantitative materiality and quantitative factors in (i) planning the scope of audit work and evaluating the results thereof; and (ii) to evaluate the effect of any identified misstatements in standalone financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e) Three out of four Directors of the company being directors of other companies which have not filed its annual return with the Registrar of Companies for a period of more than 3 years as on the date of Balance Sheet, leading to non-compliance and disqualification from being appointed as a director. The Registrar of the Companies Karnataka had ordered for removal of directors in terms of Section 164(2) of the Companies Act, 2013. The said directors have obtained an interim stay from the Hon'ble High Court of Karnataka on 26th of October 2018. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.



- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- 1) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements.
  - 2) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - 3) The Company was not required to transfer any amounts to the Investor Education and Protection Fund.
  - 4) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Chaturvedi Sohan & Co**  
Chartered Accountants  
Registration No.118424W

**Noshir Captain**  
Partner

Membership No.009889

**UDIN : 23009889BGWUYK5714**

October 25, 2023  
Bengaluru



## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (The 'Guidance Note').

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

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

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

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

### Meaning of Internal Financial Controls with Reference to standalone Ind AS Standalone Financial Statements

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and



expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements

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

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

For **Chaturvedi Sohan & Co**  
Chartered Accountants  
Registration No.118424W

**Noshir Captain**  
Partner  
Membership No.009889  
**UDIN : 23009889BGWUYK5714**

October 25, 2023  
Bengaluru



## ANNEXURE - B TO THE AUDITORS' REPORT

The Annexure referred to in our Independent Auditor's report to the members of **Cranes Software International Limited** ('the Company') on the standalone Ind AS financial statements for the year ended on 31<sup>st</sup> March 2023.

### We report that:

- i) In respect of the Company's Property, Plant and Equipment and Intangible Assets
  - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
(B) The company is maintaining proper records showing full particulars of intangible assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company does not hold any immovable properties, reporting under clause 3(i) (c) of the Order is not applicable.
  - (d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.
  - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii) (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.  
(b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. Hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii) The Company has not made investments in, companies, and granted unsecured loans to other parties, during the year, however the Company has in the past granted interest free loans to its subsidiary companies in respect of which:
  - a. the balance outstanding at the balance sheet date with respect to such loans or advances to subsidiaries

(Rs. In Lakhs)

SL. No.	Name of the Entity	Aggregate amount granted/provided during the year	Balance outstanding as at Balance Sheet date
	<b>Subsidiaries</b>		
1	Proland Software Pvt Ltd	-	464.20
2	Systat Software UK Ltd	-	437.91
	<b>TOTAL</b>		<b>902.11</b>

- e. No loan or advance in the nature of loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties



- f. The Company has not granted loans or advances in the nature of loans which are repayable on demand during the year, however the Company has in the past granted interest free loans to its subsidiary companies which are repayable on demand, details of which are given below:

(Rs. In Lakhs)

Name of the Entity	All Parties	Promoters	Related Parties
Aggregate of loans/ advances in nature of loans			
o Repayable on demand			902.11
Percentage of loans/ advances in nature of loans to total loans			100%

\* The amounts reported are at gross amounts, without considering provision made.

- iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company
- vii) (a) On Examination of the books of accounts and other records of the Company we report that the company has defaulted in depositing its undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees' state Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Customs duty, goods and service tax and Cess with the appropriate authorities. The following statutory liabilities are pending for payment for a period of more than six months from the date they became payable:

Name of the Statute	Nature of dues	Amount to be paid
Employee's Provident Fund & Miscellaneous Provision Act	Provident Fund	9.34
Commercial Taxes Act	Professional Tax	0.82
Employees State Insurance Act	ESI	0.51
Income Tax Act (Tax Deducted at Source)	Withholding Taxes	313.93
Service Tax	Service Tax	239.28
Income Tax Act	Self-Assessment Tax	213.19
Income Tax Act	Dividend Distribution Tax	273.88
Investor Education Protection Fund	Unclaimed Dividend	7.21
Goods and Service Tax Act	Goods & Service Tax	140.24

- (b) According to the information and explanations given to us, there are no disputed amounts as at 31st March 2023 in respect of Provident Fund, Employees' state Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Wealth Tax, Customs duty, and Cess and other applicable statutory dues with the exception of the following:



(Rs. In Lakhs)

Name of the Statute	Nature of Dues	Amount	Period to which amount relates	Forum where dispute is pending
Chapter V of the Finance Act. 1994	Service Tax	1260.90	2008-09 to 2012-13	Commissioner, Service Tax
The Foreign Exchange Regulation Act, 1999	Penalty for contravention of section 42(1) of the FEMA, 1999	580.00	2006	Director, Directorate of Enforcement

- viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix) (a) There are defaults in repayment of dues to various financial institutions and banks as at the balance sheet date. The amount of defaults and the period are tabulated below

(Rs. In Lakhs)

Name of the Banks	Amount of default (including accrued interest)	Period of Default
Bank of India	39,006.21	From 2009 to Till Date

- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has been declared wilful defaulter by Bank of India.
- (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, the company has not raised funds on short-term basis during the year, and hence reporting under clause 3(ix)(d) of the Order is not applicable.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.



- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii) The Company has not incurred cash losses during the financial year covered by our audit and has incurred Cash losses of Rs 7,382.55 lakhs in the immediately preceding financial year.
- xviii) There has been no resignation of the statutory auditors of the Company during the year.
- xix) According to the information and explanations given to us and on the basis of the financial ratios disclosed in note 37 of the standalone financial statements, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, We believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report.
- xx) The provisions of Corporate Social Responsibility as mentioned under section 135 of the Act are not applicable to the Company for the year. Therefore, the requirements to report on clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable to the Company.

For **Chaturvedi Sohan & Co**  
Chartered Accountants  
Registration No.118424W

**Noshir Captain**  
Partner

Membership No.009889

**UDIN : 23009889BGWUYK5714**

October 25, 2023  
Bengaluru





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## STANDALONE BALANCE SHEET

AS AT MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

PARTICULARS	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	14.11	19.55
Intangible assets & Goodwill	4	-	-
Deferred Tax Asset (net)	5	-	20,234.69
<b>Financial assets</b>			
Investments	6	3,215.88	8,010.18
Other non-current assets	7	907.71	1,240.80
<b>Total non-current assets</b>		<b>4,137.69</b>	<b>29,505.21</b>
<b>Current assets</b>			
Trade receivables	8	6,512.77	8,157.16
Cash and cash equivalents	9A	3.80	7.89
Other bank balances	9B	7.41	7.76
Other current Assets	10	4.60	1,529.53
<b>Total current assets</b>		<b>6,528.59</b>	<b>9,702.33</b>
<b>Total Assets</b>		<b>10,666.28</b>	<b>39,207.54</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	2,355.34	2,355.34
Other equity	12	(79,672.65)	(70,913.89)
<b>Total equity</b>		<b>77,317.31</b>	<b>(68,558.56)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	13	7.87	10.51
<b>Total non-current liabilities</b>		<b>7.87</b>	<b>10.51</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Short Term Borrowings	14	46,048.46	57,860.82
Trade payables	15	71.69	156.31
Other current liabilities	16	41,707.89	46,590.52
Provisions	17	147.69	147.94
<b>Total current liabilities</b>		<b>87,975.72</b>	<b>1,07,755.59</b>
<b>Total liabilities</b>		<b>87,983.59</b>	<b>1,07,766.10</b>
<b>Total Equity and Liabilities</b>		<b>10,666.28</b>	<b>39,207.54</b>

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

For and on behalf of the Board

Asif Khader  
Managing Director  
DIN : 00104893

Mueed Khader  
Director  
DIN : 00106674

Apeksha Nagori  
Company Secretary  
Membership No. A21952

Manjunath.H  
CFO

As per our report of even date attached  
For M/s. Chaturvedi Sohan & Co  
Chartered Accountants  
Firm Registration No.118424W

Noshir Captain  
Partner  
Membership No.009889  
UDIN : 23009889BGWUYK5714

Date: October 25, 2023  
Place: Bengaluru



## STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

PARTICULARS	Notes	FOR THE YEAR ENDED March 31, 2023	FOR THE YEAR ENDED March 31, 2022
<b>Continuing Operations</b>			
<b>A Income</b>			
Revenue from operations	18	-	41.30
Other income	19	18,962.99	6,472.00
<b>Total income</b>		<b>18,962.99</b>	<b>6,513.29</b>
<b>B Expenses</b>			
Employee Benefits Expense	20	55.52	102.02
Finance costs	21	309.21	75.20
Depreciation and amortisation expense	4	5.44	8.76
Other expenses	22	7,116.90	3,510.00
<b>Total expenses</b>		<b>7,487.06</b>	<b>3,695.98</b>
<b>C Profit / (Loss) before exceptional items and tax</b>		<b>11,475.93</b>	<b>2,817.32</b>
Exceptional items		-	-
<b>D Profit / (Loss) before tax from continuing operations</b>		<b>11,475.93</b>	<b>2,817.32</b>
Income tax expense	23	-	-
Income tax relating to earlier years		-	-
Deferred tax charge/ (credit) relating to earlier years		(20,234.69)	(4,351.08)
<b>Profit / (Loss) for the year</b>		<b>(8,758.75)</b>	<b>(1,533.76)</b>
<b>E Other comprehensive income</b>		-	-
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive Income for the year</b>		<b>(8,758.75)</b>	<b>(1,533.76)</b>
<b>Earnings per share</b>	24		
Basic earnings per share		(7.44)	(1.30)
Diluted earnings per share		(7.44)	(1.30)

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

### For and on behalf of the Board

**Asif Khader**  
Managing Director  
DIN : 00104893

**Mueed Khader**  
Director  
DIN : 00106674

**Apeksha Nagori**  
Company Secretary  
Membership No. A21952

**Manjunath.H**  
CFO

As per our report of even date attached  
**For M/s. Chaturvedi Sohan & Co**  
Chartered Accountants  
Firm Registration No.118424W

**Noshir Captain**  
Partner  
Membership No.009889  
UDIN : 23009889BGWUYK5714

Date: October 25, 2023  
Place: Bengaluru



## STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
<b>Cash Flow From Operating Activities</b>		
Profit / (Loss) before income tax	11,475.93	2,817.32
<b>Adjustments for</b>		
Depreciation and amortisation expense	5.44	8.76
Bad Debts Written off	-	1,737.42
Allowances for Credit Loss	1,606.35	1,485.36
Foreign Exchange Loss/(Gain) (Net)	612.93	189.55
Interest on Bank loans written back on settlement with banks	(6,948.57)	(4,092.43)
Term Loan Principal written back on settlement with banks	(3,600.00)	(938.81)
Balance no longer payable written Back	(8,304.11)	(1,417.07)
Finance costs	309.21	75.20
	<b>(4,842.83)</b>	<b>(134.70)</b>
<b>Change in operating assets and liabilities</b>		
(Increase)/ decrease in trade receivables	38.04	1,717.57
Increase/ (decrease) in Other non-current assets	333.09	(1,709.49)
(Increase)/ decrease in Other current assets	1,524.93	(1,120.05)
Increase/ (decrease) in provisions and other liabilities	(194.33)	(3,510.50)
Increase/ (decrease) in Borrowings	(11,812.36)	-
Increase/ (decrease) in trade payables	(84.62)	(198.60)
Cash generated from operations	(15,038.09)	(4,955.77)
Less : Income taxes paid (net of refunds)	-	(4.03)
<b>Net cash from operating activities (A)</b>	<b>(15,038.09)</b>	<b>(4,959.80)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of PPE (including changes in CWIP)	-	-
Impairment Assets	-	-
Proceeds from sale of Intangible Assets	-	-
(Purchase) / disposal proceeds of Investments	4,794.30	-
Interest income	-	-
<b>Net cash used in investing activities (B)</b>	<b>4,794.30</b>	<b>-</b>
<b>Cash Flows From Financing Activities</b>		
Finance costs	(309.21)	(75.20)
Interest on Bank loans Written back on settlement with banks	6,948.57	4,092.43
Term Loan Principal written back on settlement with banks	3,600.00	938.81
<b>Net cash from/ (used in) financing activities (C)</b>	<b>10,239.36</b>	<b>4,956.03</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(4.44)</b>	<b>(3.77)</b>
Cash and cash equivalents at the beginning of the financial year	15.65	19.42
<b>Cash and cash equivalents at end of the year</b>	<b>11.21</b>	<b>15.65</b>
<b>Notes:</b>		
2. Components of cash and cash equivalents Balances with banks		
- in current accounts	7.41	7.76
Others	3.80	7.87
Cash on hand	-	0.02
	<b>11.21</b>	<b>15.65</b>

For and on behalf of the Board

**Asif Khader**  
Managing Director  
DIN : 00104893

**Mueed Khader**  
Director  
DIN : 00106674

**Apeksha Nagori**  
Company Secretary  
Membership No. A21952

**Manjunath.H**  
CFO

As per our report of even date attached  
**For M/s. Chaturvedi Sohan & Co**  
Chartered Accountants  
Firm Registration No. 118424W

**Noshir Captain**  
Partner  
Membership No. 009889  
UDIN : 23009889BGWUYK5714

Date: October 25, 2023  
Place: Bengaluru



## STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

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

### (A) Equity Share Capital

Balance at the beginning of April 1, 2021	2,355.34
Changes in equity share capital during the year	-
Balance at the end of March 31, 2022	2,355.34
Changes in equity share capital during the year	-
Balance at the end of March 31, 2023	2,355.34

### (B) Other Equity

Particulars	General Reserve	Securities Premium Reserve	Capital Reserve	Retained Earnings	Total
Balance as at April 1, 2021	18,430.00	17,898.26	2,400.00	(1,08,108.39)	(69,380.13)
Transfer on account of Adjustment	-	-	-	-	-
Profit for the year	-	-	-	(1,533.76)	(1,533.76)
<b>Balance as at March 31, 2022</b>	<b>18,430.00</b>	<b>17,898.26</b>	<b>2,400.00</b>	<b>(1,09,642.15)</b>	<b>(70,913.89)</b>
Additions/ (deductions) during the year	-	-	-	-	-
Profit for the year	-	-	-	(8,758.75)	(8,758.75)
Transfer on account of Adjustment	-	-	-	-	-
<b>Balance as at March 31, 2023</b>	<b>18,430.00</b>	<b>17,898.26</b>	<b>2,400.00</b>	<b>(1,18,400.91)</b>	<b>(79,672.65)</b>

The accompanying notes form an integral part of the financial statements

#### For and on behalf of the Board

**Asif Khader**  
Managing Director  
DIN : 00104893

**Apeksha Nagori**  
Company Secretary  
Membership No. A21952

**Mueed Khader**  
Director  
DIN : 00106674

**Manjunath.H**  
CFO

As per our report of even date attached  
**For M/s. Chaturvedi Sohan & Co**  
Chartered Accountants  
Firm Registration No.118424W

**Noshir Captain**  
Partner  
Membership No.009889  
UDIN : 23009889BGWUYK5714

Date: October 25, 2023  
Place: Bengaluru



## CRANES SOFTWARE INTERNATIONAL LIMITED

CIN : L05190KA1984PLC031621

### Notes to Financial Statements for the year ended March 31, 2023

#### 1 Corporate Information

Cranes Software International Limited (CSIL) was incorporated on 22nd December, 1984. CSIL is a Company that provides enterprise statistical analytics and engineering simulation software products and solutions across the globe. Presently, CSIL has developed IP's and products in data Integration & visualization, engineering simulations, graphing, plotting and designing modules. The Company is head quartered in Bangalore and has offices in India, United States of America, United Kingdom and Germany.

#### 2 Basis of preparation of financial statements

##### Statement of compliance

"These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'. The application of Ind AS 115 did not have material impact on the financial statements.

Appendix B to Ind AS 21 'The Effects of Changes in Foreign Exchange Rates': On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018. The Company has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material."

##### Basis of preparation and presentation

For all periods up to and including the year ended March 31, 2023, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

##### Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

##### Functional and presentation currency

"These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakhs (up to two decimals).

#### 2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based



on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

#### **Property, Plant and Equipment, Intangible Assets and Investment Properties**

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

#### **Current tax**

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

#### **Deferred Tax Assets (including MAT Credit Entitlement)**

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### **Fair value**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

#### **Impairment of Trade Receivables**

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

#### **Impairment of Non-financial assets (PPE / Intangible Assets / Investment Properties)**

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

#### **Defined Benefit Plans and Other long term benefits**

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities could not be measured based



on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

### **Provisions and contingencies**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

## **2B Recent accounting pronouncements**

### **Standards issued but not yet effective**

The following standards have been notified by Ministry of Corporate Affairs (effective from April 01, 2019)

- a. Ind AS 116 – Leases
- b. Appendix C to Ind AS 12 - Uncertainty over Income tax Treatments
- c. Amendment to Ind AS 19 - Employee Benefits
- d. Amendment to Ind AS 12 - Income Taxes

The Company is evaluating the requirements of the above standards and the effect on the financial statements is also being evaluated.

## **3 Significant Accounting Policies**

### **a) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) Held primarily for the purpose of trading
- iii) Expected to be realised within twelve months after the reporting period, or
- iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle
- ii) It is held primarily for the purpose of trading
- iii) It is due to be settled within twelve months after the reporting period, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

### **b) Fair value measurement**

The Company has applied the fair value measurement wherever necessitated at each reporting period.





Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability;
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non - financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non - recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.

## c) Revenue Recognition

### Sale of goods

Revenue from sale of products is recognized, in accordance with the sales contract, on delivery of goods to the customer. Revenue from product sales are shown net of taxes.

### Sale of services

Revenue on software development services comprises revenue priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.



Revenue from technical service, training, support and other services is recognized as the related services are performed over the duration of the contract/course.

#### **Interest Income**

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

#### **Rental income**

Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

#### **Dividend income**

Dividend income is recognized when the company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

### **d) Property, plant and equipment and capital work in progress**

#### **Presentation**

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

#### **Component Cost**

All material/ significant components have been identified for our plant and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

#### **Derecognition**

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### **e) Depreciation on property, plant and equipment**

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on straight line method, over the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful life estimated on technical assessment, past trends and differ from those provided in Schedule II of the Companies Act, 2013.



Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/ disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded/ sold. Additions to fixed assets, costing 5000 each or less are fully depreciated retaining its residual value.

The residual values, estimated useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### f) **Intangible assets**

##### **Intangible assets acquired separately**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of a separately acquired intangible asset comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost of preparing the asset for its intended use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

##### **Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

##### **Intangible assets internally generated**

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally -generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, the intangible asset first meets the recognition criteria referred in Ind AS 38 "Intangible Assets". Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

##### **Useful life and amortisation of intangible assets**

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

##### **Intangible assets with indefinite useful life**

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

##### **Subsequent cost and measurement**

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the

specific asset to which it relates. All other expenditures, including expenditure on internally-generated intangibles, are recognised in the statement of profit and loss as incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

#### **g) Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 - Property, plant and equipment's requirements for cost model. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Company depreciates investment property as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Though the Company measures investment property using the cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss in the period in which the property is derecognised.

#### **h) Non Current Assets Held for Sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

#### **i) Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs are determined on weighted average basis as follows :

- i) Raw materials, packing materials and Store and Spare Parts :** At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.
- ii) Work in progress:** At material cost, conversion costs and appropriate share of production overheads
- (iii) Finished goods and waste:** At material cost, conversion costs, appropriate share of production overheads and Excise Duty. Post implementation of GST from July 1, 2017 no excise duty is included in the closing stock of finished goods as at March 31, 2023.



## j) Financial Instruments

### Financial assets

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified into the following categories:

- Financial instruments (other than equity instruments) at amortised cost
- Financial Instruments (other than equity instruments) at Fair value through Other comprehensive income (FVTOCI)
- Other Financial Instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### Financial instruments other than equity instruments at amortised cost

The Company classifies a financial instruments (other than equity instruments) at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

### Financial instruments other than equity instruments at FVTOCI

The Company classifies a financial instrument (other than equity instrument) at FVTOCI, if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Financial instruments other than equity instruments at FVTPL

The Company classifies all other financial instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in other comprehensive income, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, Loans to employees and related parties, deposits, interest receivable, unbilled revenue and other advances recoverable in cash
FVTOCI	Equity investments in companies other than Subsidiaries and Associates as an option exercised at the time of initial recognition.
FVTPL	Other investments in equity instruments, forward exchange contracts. (to the extent not designated as hedging instrument)

**Derecognition**

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement? and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- Financial assets that are debt instruments and are measured at FVTOCI



- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss, net of lien available on securities held against the receivables. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation for various financial instruments is described below:

- **Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:** ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- **Debt instruments measured at FVTOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done retrospectively on the following basis:

Name of the financial asset	Impairment Testing Methodology
Trade Receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.

**Other financial assets**

When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

**Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at FVTPL**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

**Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

**(a) Derivatives fair valued through profit or loss**

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.





Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

S.No	Original classification	Revised classification	Accounting treatment
1	Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
2	FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
3	Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
4	FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
5	FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
6	FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **k) Foreign currency transactions and translations**

##### **Transactions and balances**

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The Company enters into forward exchange contract to hedge its risk associated with Foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.

#### **l) Borrowing Costs**

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

#### **m) Government grants**

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when



there is no uncertainty in receiving the same. Receivables of such benefits are shown under Other Financial Assets.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

## n) Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**o) Retirement and other employee benefits****Short-term employee benefits**

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

**Defined contribution plans**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and super annuation fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**Defined benefit plans**

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

**Compensated absences**

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

**Other long term employee benefits**

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

**p) Impairment of non financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**q) Provisions, contingent liabilities and contingent asset****Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made if realisation of money is doubtful in the judgement of the management.

#### **Contingent liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

#### **Contingent assets**

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect. Contingent assets are disclosed but not recognised in the financial statements.

#### **r) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

#### **s) Cash Flow Statement**

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

#### **t) Earnings per share**

"The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate"

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### 3. PROPERTY, PLANT AND EQUIPMENT

Particulars	Plant and Equipments	Furniture and Fixtures	Computers	Total
Cost as at April 1, 2021	10.20	15.95	37.84	63.99
Additions	-	-	-	-
Disposals	-	-	-	-
Cost as at March 31, 2022	10.20	15.95	37.84	63.99
Additions	-	-	-	-
Disposals	-	-	-	-
Cost as at March 31, 2023	10.20	15.95	37.84	63.99
Depreciation/Amortisation				
As at March 31, 2021	5.31	4.23	26.54	36.08
Charge for the year	1.23	1.44	5.69	8.37
On disposals	-	-	-	-
As at March 31, 2022	6.54	5.67	32.23	44.44
Charge for the year	1.20	1.39	2.85	5.44
On disposals	-	-	-	-
As at March 31, 2023	7.74	7.05	35.09	49.88
Net Block				
As at March 31, 2021	4.89	11.72	11.30	27.91
As at March 31, 2022	3.66	10.28	5.61	19.55
As at March 31, 2023	2.46	8.90	2.75	14.11

### 4. INTANGIBLE ASSETS & GOODWILL

Particulars	Intangible Assets-	Goodwill	Total
Cost as at April 1, 2021	49,954.89	-	49,954.89
Additions	-	-	-
Disposals	-	-	-
Cost as at March 31, 2022	49,954.89	-	49,954.89
Additions	-	-	-
Disposals	-	-	-
Cost as at March 31, 2023	49,954.89	-	49,954.89
Depreciation/Amortisation			
As at March 31, 2021	49,954.50	-	49,954.50
Charge for the year	0.39	-	0.39
On disposals	-	-	-
As at March 31, 2022	49,954.89	-	49,954.89
Charge for the year	-	-	-
On disposals	-	-	-
As at March 31, 2023	49,954.89	-	49,954.89
Net Block			
As at March 31, 2021	0.39	-	0.39
As at March 31, 2022	0.00	-	0.00
As at March 31, 2023	0.00	-	0.00



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

Particulars	As at March 31, 2023	As at March 31, 2022
<b>5 Deferred Tax - Net *</b>		
<b>Deferred Tax Asset</b>		
On Property, plant and equipment	-	29.60
Carried Forward Losses	-	11,434.69
Expenditure allowed for tax on accrual basis	-	6.32
Others	-	8,764.08
	-	<b>20,234.69</b>
<b>Deferred Tax Liability</b>	-	-
Net deferred tax (liability) / Asset	-	<b>20,234.69</b>
<b>6 Non-current investments</b>		
<b>Investment in Subsidiaries</b>		
<b>Trade Unquoted at Cost</b>		
974,166 Equity shares of face value USD 1/- each fully paid up of Systat Software Inc. USA (As at March 31, 2022 - 9,74,166 Equity shares of USD 1/- each (fully paid))	1,851.18	1,851.18
380,000 Equity Shares of Rs.10/- each fully paidup of Systat Software Asia Pacific Limited (As at March 31, 2022 - 3,80,000 Equity shares of Rs 10/- each (fully paid))	38.00	38.00
1 Equity Share of 25,000 Euros fully paidup of Systat Software Gmbh-Germany (As at March 31, 2022 - 1 Equity share of Rs 25,000 each (fully paid))	14.48	14.48
Equity shares of Singapore Dollars 1/- each fully paidup of Cranes Software International Pte Limited - Singapore (As at March 31, 2022 - 165,692 Equity shares of Singapore Dollars 1/- each (fully paid))	44.31	44.31
Less: Provision for the year	(44.31)	-
Net Investment in Equity shares of Cranes Software pte Ltd.	-	44.31
Equity shares of USD 1 each fully paid up of Cranes Software Inc (As at March 31, 2022 - 26,91,855 Equity shares of USD 1/- each (fully paid))	4,500.73	4,500.73
Less: Provision for the year	(4,500.73)	-
Net Investment in Equity shares of Cranes Software Inc USA	-	4,500.73
Equity Shares of Rs. 100/- each fully paid up of Tilak Auto Tech Private Limited (As at March 31, 2022 - 1,000 Equity shares of Rs 100/- each (fully paid))	51.62	51.62
Less: Write off of Investment	(51.62)	-
Net Investment in Equity shares of Tilak Auto Tech Private Limited	-	51.62
20,000 Equity Shares of Rs. 10/- each fully paid up of Analytix Systems Private Limited (As at March 31, 2022 - 20,000 Equity shares of Rs 10/- each (fully paid))	630.00	630.00
1,20,000 Equity Shares of Rs. 10/- each fully paid up of Caravel Info Systems Pvt Ltd (As at March 31, 2022 - 1,20,000 Equity shares of Rs 10/- each (fully paid))	362.33	362.33
4,840 Equity Shares of Rs. 100/- each fully paid up of Proland Software Pvt Ltd (As at March 31, 2022 - 4,840 Equity shares of Rs 100/- each (fully paid))	318.89	318.89



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

Particulars	As at March 31, 2023	As at March 31, 2022
Equity shares of Rs.10/- each fully paid up of Esqube Communication Solutions Private Limited (As at March 31, 2022 - 8,942 Equity shares of Rs 10/- each (fully paid))	179.78	179.78
Less: Write off of Investment	(179.78)	-
Net Investment in Equity shares of Esqube Communication Solutions Private Limited	-	179.78
99,980 Equity Shares of Rs 10/- each fully paid up of Cranes Varsity Pvt Ltd (As at March 31, 2021 - 99,980 Equity shares of Rs 10/- each (fully paid))	1.00	1.00
	<b>3,215.88</b>	<b>7,992.32</b>
<b>Others</b>		
<b>Trade, Long term, Unquoted at Cost</b>		
147 Equity shares of UAE Dirham 1,000/- each fully paid up of Cranes Software Middle East LLC - UAE (As at March 31, 2022 -147 Equity shares of UAE Dirham 1,000/- each fully paid up)	17.86	17.86
Less: Provision for the year	(17.86)	-
Net Investment in Equity shares of Cranes Software Middle East LLC	-	17.86
	<b>3,215.88</b>	<b>8,010.18</b>
<b>Total non-current investments</b>		
Aggregate cost of unquoted investments	3,215.88	8,010.18
<b>7 Other Non-current assets - Financial Assets: Loans</b> (Unsecured, considered good unless otherwise stated)		
Security Deposits	5.60	7.25
<b>Loans &amp; Advances:</b>		
- Related Parties (Subsidiaries) (Net of Provisions)	902.11	1,233.54
	<b>907.71</b>	<b>1,240.80</b>
<b>8 Trade receivables</b>		
Unsecured		
Considered Good	-	8,157.16
Considered Doubtful	10,526.54	2,407.42
	10,526.54	10,564.57
Less: Allowances for Credit Loss	(4,013.77)	(2,407.42)
	<b>6,512.77</b>	<b>8,157.16</b>

The allowance for credit loss INR 4,013.77 as on 31st March 2023 pertains to the provision created towards receivable from a related party during the year.





## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### Trade receivable ageing schedule

Outstanding for following periods from due date of payment	Undisputed Trade receivables – considered good		Undisputed Trade Receivables – considered doubtful	
	2023	2022	2023	2022
Not due	-	-	-	-
Less than 6 months	-	0.32	-	-
6 months -1 year	-	1.43	-	-
1-2 years	-	22.94	-	-
2-3 years	-	-	-	-
More than 3 years	-	-	6,512.77	8,132.47
<b>Total</b>	<b>-</b>	<b>24.69</b>	<b>6,512.77</b>	<b>8,132.47</b>

Particulars	As at March 31, 2023	As at March 31, 2022
<b>9 Cash and cash equivalents</b>		
<b>9A</b> Cash on hand	-	0.02
Balances with banks		
In current accounts	3.80	7.87
	<b>3.80</b>	<b>7.89</b>
<b>9B</b> Other bank balances		
More than 3 months but less than 12 months	0.79	0.79
Unpaid Dividend Account	6.62	6.97
	<b>7.41</b>	<b>7.76</b>
	<b>11.21</b>	<b>15.65</b>
<b>10 Other current assets</b> (Unsecured, considered good)		
Advance to paid to SBI towards Loan Settlement	-	1,400.00
Other advances	4.60	129.53
	<b>4.60</b>	<b>1,529.53</b>
<b>11 Capital</b>		
<b>Authorised Share Capital</b>		
165,000,000 (165,000,000) Equity shares of Rs. 2 each	3,300.00	3,300.00
2,00,000 (2,00,000) Preference shares of Rs. 100 each	200.00	200.00
	<b>3,500.00</b>	<b>3,500.00</b>
<b>Issued Share Capital</b>		
117,766,850 (117,766,850) Equity shares of Rs. 2 each	2,355.24	2,355.24
	<b>2,355.24</b>	<b>2,355.24</b>
<b>Subscribed and fully paid up share capital</b>		
117,766,850 (117,766,850) Equity shares of Rs. 2 each	2,355.24	2,355.24
	<b>2,355.24</b>	<b>2,355.24</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

Particulars	As at March 31, 2023	As at March 31, 2022
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**Notes:**

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

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

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

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

Name of the share holder	March 31, 2023		March 31, 2022	
	No of shares	% of Holding	No of shares	% of Holding
IBC Knowledge Park Private Limited	1,31,34,861	11.15%	1,31,34,861	11.15%
Bank of India	1,12,91,723	9.59%	1,12,91,723	9.59%
<b>Total</b>	<b>2,44,26,584</b>	<b>20.74%</b>	<b>2,44,26,584</b>	<b>20.74%</b>

**Details of shares held by each promoter**

Name of the Promoter	March 31, 2023		March 31, 2022	
	No of shares	% of Holding	No of shares	% of Holding
Asif Khadar	1,001,500	0.85%	1,001,500	0.85%
Mueed Khadar	1,000	0.00%	1,000	0.00%
K and J Telecom Pvt Ltd	2,008,600	1.71%	2,008,600	1.71%
Sea Equity Enterprises Pvt Ltd	2,000,000	1.70%	2,000,000	1.70%
K and J Holdings Private Limited	1,547,000	1.31%	1,547,000	1.31%
Jansons Land and Property Development Private Limited	494,600	0.42%	494,600	0.42%
<b>Total</b>	<b>7,052,700</b>	<b>5.99%</b>	<b>7,052,700</b>	<b>5.99%</b>

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

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

Particulars	As at March 31, 2023	As at March 31, 2022
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**12 Other Equity**

a) General reserve	18,430.00	18,430.00
b) Securities Premium Reserve	17,898.26	17,898.26
c) FCCB Premium Redemption Reserve	2,400.00	2,400.00
d) Retained earnings	(1,18,400.91)	(1,09,642.15)
	<b>(79,672.65)</b>	<b>(70,913.89)</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

Particulars	As at March 31, 2023	As at March 31, 2022
<b>a) General reserve</b>		
Balance at the beginning of the year	18,430.00	18,430.00
Additions during the year	-	-
Balance at the end of the year	<b>18,430.00</b>	<b>18,430.00</b>
<b>b) Securities Premium Reserve</b>		
Balance at the beginning of the year	17,898.26	17,898.26
Additions during the year	-	-
Balance at the end of the year	<b>17,898.26</b>	<b>17,898.26</b>
<b>c) FCCB Premium Redemption Reserve</b>		
Balance at the beginning of the year	2,400.00	2,400.00
Balance at the end of the year	<b>2,400.00</b>	<b>2,400.00</b>
<b>d) Retained earnings</b>		
Balance at the beginning of the year	<b>(1,09,642.15)</b>	<b>(1,08,108.39)</b>
Net profit for the period	(8,758.75)	(1,533.76)
Balance at the end of the year	<b>(1,18,400.91)</b>	<b>(1,09,642.15)</b>
<b>13 Provisions (Non -current)</b>		
Provision for Employee Benefits		
Compensated absences	0.70	4.18
Gratuity	7.17	6.33
	<b>7.87</b>	<b>10.51</b>
<b>14 Current liabilities - Financial Liabilities: Short term Borrowings</b>		
<b>Unsecured</b>		
CSIL Employees Comprehensive Gratuity Trust	43.78	43.78
Loan from Directors	3,651.62	3,651.62
Intercompany Loan	3,346.85	2,710.64
<b>Term Loans from Banks</b>		
Bank of India*	31,270.35	31,270.35
(Amount Sanction Rs.14000 Lakhs and Rate of interest 13.25% PA)		
State Bank of India (Formerly State Bank of Travancore and State Bank Mysore)	-	12,448.57
<b>Cash Credit facilities from Banks</b>		
Bank of India*	7,735.86	7,735.86
(Amount Sanction Rs.300 Lakhs and Rate of interest 10% PA)		
	<b>46,048.46</b>	<b>57,860.82</b>
<i>*Term Loan and Cash Credit from Bank of India account has been declared as NPA from 2009</i>		
<b>15 Trade payables</b>		
- total outstanding dues of micro enterprises and small enterprises	0.39	0.47
- total outstanding dues of creditors other than micro and small enterprises	71.30	155.84
	<b>71.69</b>	<b>156.31</b>

\* Refer Notes No. 27 related to Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### Trade payable ageing schedule

Outstanding for following periods from due date of payment	MSME		Others	
	2023	2022	2023	2022
Not due	-	-	-	-
Less than 1 year	0.39	0.47	12.66	12.11
1-2 years	-	-	10.84	10.86
2-3 years	-	-	11.53	11.22
More than 3 years	-	-	36.27	121.65
<b>Total</b>	<b>0.39</b>	<b>0.47</b>	<b>71.30</b>	<b>155.84</b>

Particulars	As at March 31, 2023	As at March 31, 2022
<b>16 Other current liabilities</b>		
Bondholders of Foreign Currency Convertible bonds (42,000 units of 1,000/- Euros each fully paid up)	29,085.00	29,085.00
Interest payable to FCCB Bondholders	9,609.75	9,609.75
Foreign Currency Term Loan from UPS Capital	696.37	696.37
Employee payables	163.84	1,510.61
Directors Remuneration Payable	424.55	424.55
Amounts due and payable to Investor Education and Protection Fund	7.21	7.21
Statutory dues payable	802.91	890.83
Unpaid Dividend Distribution Tax	273.88	273.88
Due to Related Parties	630.95	7,078.71
Others	13.43	13.62
	<b>41,707.89</b>	<b>49,590.52</b>
<b>17 Provisions (Current)</b>		
Provision for tax (Net)	147.02	147.12
Provision for gratuity	0.48	0.69
Provision for compensated absences	0.19	0.12
	<b>147.69</b>	<b>147.94</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>18 Revenue from operations</b>		
Sale of Services	-	41.30
	<b>-</b>	<b>41.30</b>
<b>19 Other income</b>		
Interest Income (refer note 19 (a) below)	0.02	-
Other non-operating Income (refer note 19 (b) below)	18,962.97	6,472.00
	<b>18,962.99</b>	<b>6,472.00</b>
<b>19(a) Interest Income</b>		
Interest on Fixed Deposit	0.02	-
	<b>0.02</b>	<b>-</b>
<b>19(b) Other non-operating Income</b>		
Gratuity Written back	-	23.53
Leave Encashment Written back	3.41	-
Other income	106.87	0.17
Interest on Bank loans written back	6,948.57	4,092.43
Term Loan Principal written Back on settlement with banks	3,600.00	938.81
Balance no longer payable written Back	940.09	941.56
Advances no longer payable to related parties written back	7,364.02	475.51
	<b>18,962.97</b>	<b>6,472.00</b>
<b>20 Employee benefits expense</b>		
Salaries, wages and bonus	45.61	99.02
<b>Contribution to</b>		
Provident Fund	1.29	1.79
Gratuity Fund	7.28	-
Staff welfare expenses	1.34	0.52
Insurance	-	0.69
	<b>55.52</b>	<b>102.02</b>
<b>21 Finance Cost</b>		
Interest on Loan	307.03	75.14
Interest on statutory liabilities	1.79	-
Bank Charges	0.39	0.06
	<b>309.21</b>	<b>75.20</b>
<b>4 Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment	5.44	5.44
Amortization of Intangible assets	-	-
	<b>5.44</b>	<b>5.44</b>
<b>22 Other expenses</b>		
Power & Fuel	12.18	1.53
Repairs and Maintenance	0.69	0.72
Legal and General Expenses	58.73	70.93
Penalty paid	2.90	-
Telephone and Communication	4.62	4.02
Travelling expenses	6.45	4.18



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	10.75	10.28
Auditors' Remuneration	7.00	6.01
Allowances for Credit Loss	1,606.35	1,485.36
Exchange Loss (Net)	612.93	189.55
Advances due from related party no longer receivable written off	-	1,737.42
Investments / Provision writeoff	4,794.30	-
	<b>7,116.90</b>	<b>3,510.00</b>
<b>Auditors' Remuneration</b>		
As Auditor	7.00	6.00
Others	-	0.01
	<b>7.00</b>	<b>6.01</b>
<b>23 Income tax expense</b>		
<b>(a) Income tax expense</b>		
<b>Current tax</b>		
Current tax on profits for the year	-	-
<b>Total current tax expense</b>	-	-
<b>Deferred tax</b>		
Deferred tax recognised for the year	(20,234.69)	(4,351.08)
<b>Total deferred tax expense/(benefit)</b>	<b>(20,234.69)</b>	<b>(4,351.08)</b>
<b>Income tax expense</b>	<b>(20,234.69)</b>	<b>(4,351.08)</b>
<b>b) The income tax expense for the year can be reconciled to the accounting profit as follows:</b>		
Profit before tax from continuing operations	11,475.93	2,817.32
<b>c) Movement of deferred tax expense during the year ended March 31, 2023</b>		

Deferred tax (liabilities) / assets in relation to	Opening Balance	Recognised in Profit or loss	Recognised in other comprehensive Income	Closing balance
Property, plant, and equipment and Intangible Assets	29.60	(29.60)	-	-
Expenses allowable on Payment basis	6,593.11	(6,593.11)	-	-
Provision for Retirement Benefits	3.79	(3.79)	-	-
Provision For Bad Debts	2,173.50	(2,173.50)	-	-
Brought forward losses	11,434.69	(11,434.69)	-	-
	<b>20,234.69</b>	<b>(20,234.69)</b>	-	-



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### d) Movement of deferred tax expense during the year ended March 31, 2022

Deferred tax (liabilities)/ assets in relation to	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive	Closing balance
Property, plant, and equipment and Intangible Assets	34.63	(5.03)	-	29.60
Expenses allowable on Payment basis	11,484.23	(4,891.12)	-	6,593.11
Provision for Retirement Benefits	8.56	(4.77)	-	3.79
Provision For Bad Debts	1,799.66	373.84	-	2,173.50
Brought forward losses	11,258.69	176.00	-	11,434.69
	<b>24,585.77</b>	<b>(4,351.08)</b>	-	<b>20,234.69</b>

### f) Unused tax credits

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>24 Earnings per share</b>		
Profit / (Loss) for the year attributable to owners of the Company	(8,758.75)	(1,533.76)
Weighted average number of ordinary shares outstanding	11,77,66,850	11,77,66,850
Basic earnings per share (Rs)	(7.44)	(1.30)
Diluted earnings per share (Rs)	(7.44)	(1.30)



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### 25 Commitments and contingent liability

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Contingent Liability *</b>		
Disputed demands from Service tax authorities	2,017.03	2,017.03
Employees providant fund organisation	-	83.09
Directorate of Enforcement	580.00	580.00

Undisputed Statutory Dues remaining unpaid	March 31, 2023	March 31, 2022
Employee's Provident Fund & Miscellaneous Provision Act	10.57	8.14
Commercial Taxes Act	0.81	0.69
Employees State Insurance Act	0.51	10.55
Income Tax Act (Tax Deducted at Source)	314.81	313.17
Service Tax Act	239.48	239.48
VAT	-	68.85
Income Tax Act	213.19	213.29
Wealth Tax Act	-	0.45
Income Tax Act	273.88	273.88
Investor Education Protection Fund	7.21	7.21
Goods and Service Tax Act	140.24	183.33

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

Name of Institution	Amount of Claim (In Lakhs )	In which Forum
<b>A. Special Court for Economic Offenses</b> SEBI	235.53	Supreme Court of India, Delhi
<b>B. Under Section 434 of Companies Act</b> Bank of India	39,006.21	High Court of Karnataka, Bangalore
<b>C. Under Section 138 of Negotiable Instruments Act, 1881</b> Bank of India	500.00	Metropolitan Court, Bangalore





## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

<b>D. Under Debt Recovery Act, 1993</b> Bank of India	19,688.48	Debt Recovery Tribunal, Chennai
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### 26 Trade Receivables include, dues from Subsidiary Companies as under

Particulars	as at March 31, 2023	as at March 31, 2022
Systat Software Inc, USA (Net of Provision for Bad and Doubtful debts)	6,512.77	8,119.12
Proland Software Pvt Ltd	-	13.35

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

Particulars	as at March 31, 2023	as at March 31, 2022
(a) The principal amount remaining unpaid at the end	0.39	0.47
(b) The delayed payments of principal amount paid	-	-
(c) Interest actually paid under Section 16 of MSMED	-	-
(d) Normal Interest due and payable during the year, for all the delayed payments, as per the agreed terms	-	-
(e) Total interest accrued during the year end	-	-
*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.		

### 28 Operating Segments

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

### 29 Impairment of Assets

The company assessed its fixed Assets for impairment as at 31st March 2023 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.

### 30 Operating lease arrangements (as lessor)

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

### 31 Confirmation of balances in respect of Trade Receivables and Trade Payables has not been obtained.



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### 32 Foreign Currency Convertible Bonds

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

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

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. 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 had granted a stay during June 2022 directing the official liquidator not to precipitate the process of the winding up order and the matter was extended till the next date of hearing as the petitioner and the company were exploring the possibility of amicable settlement. Now, the Hon'ble High Court of Karnataka has withdrawn the winding up order on behalf of the Foreign Currency Bond Holders.

33 Dues from Companies under the same management, as under (Disclosure required by Clause 32 of the Listing Agreement)"

#### a. Loans and advances includes.

Particulars	Current Year	Maximum Amount Outstanding during the year	Previous Year
Tilak Auto Tech Pvt. Ltd	-	163.81	163.81
Proland Software Pvt Ltd	464.20	464.20	450.85
Esqube Communication Solutions Pvt Ltd	-	190.92	190.92
Systat Software UK Ltd	437.97	437.91	427.91
<b>Total</b>	<b>902.11</b>	<b>1,256.83</b>	<b>1,233.55</b>

#### a. Trade Receivables

Particulars	Current Year	Previous Year
Systat Software Inc	6,512.77	8,119.12
Proland Software Pvt Ltd	-	13.35
<b>Total</b>	<b>6,512.77</b>	<b>8,132.45</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### 34 Financial Instruments

#### Capital management

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

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

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

<b>Gearing Ratio:</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Debt	85,439.58	97,521.94
Less: Cash and bank balances	11.21	15.65
<b>Net debt</b>	<b>85,428.37</b>	<b>97,236.30</b>
Total equity	(77,317.31)	(68,558.56)
<b>Net debt to equity ratio (%)</b>	<b>-110.49%</b>	<b>-141.83%</b>

#### Categories of Financial Instruments

**March 31, 2023**

**March 31, 2022**

#### Financial assets

##### a. Measured at amortised cost

Other non-current financial assets	907.71	1,240.80
Trade receivables	6,512.77	8,157.16
Cash and cash equivalents	11.21	15.65

##### b. Mandatorily measured at fair value through profit or loss (FVTPL)

Investments	3,215.88	8,010.18
Derivative instruments	3,215.88	8,010.18

#### Financial liabilities

##### a. Measured at amortised cost

Borrowings (short term)	43.78	43.78
Trade payables	71.69	156.31

##### b. Mandatorily measured at fair value through profit or loss (FVTPL)

Derivative instruments	-	-
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## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### Financial risk management objectives

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

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

### Market risk

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

### Foreign currency risk management

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



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621  
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

### Disclosure of hedged and unhedged foreign currency exposure

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

As on March 31, 2023

Rs In Lakhs

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	10.07	-	10.07	82.15	-	82.15	72.08
Euro	436.56	-	436.56	-	-	-	(436.56)
Pound	-	-	-	4.30	-	4.30	4.30
In INR (Rs. In lacs)	39,391.12	-	39,391.12	-	-	-	(39,391.12)

As on March 31, 2022

Rs In Lakhs

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	99.05	-	99.05	228.15	-	228.15	129.10
Euro	449.89	-	449.89	-	-	-	(449.89)
Pound	-	-	-	4.30	-	4.30	4.30
In INR (Rs. In lacs)	46,132.28	-	46,132.28	17,183.05	-	17,183.05	(28,949.23)



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### Foreign currency sensitivity analysis

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

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

### Interest rate risk management

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

### Interest rate sensitivity analysis

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

### Credit risk management

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

### Exposure to credit risk

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

#### (a) Trade Receivables

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

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



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

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

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

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

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

### Offsetting related disclosures

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

## 35 Related party disclosures

### (a) Name of related party and nature of relationship

#### Key management personnel

Asif Khader	Managing Director
Mueed Khader	Director
Joydeep Sarkar (Resigned till 30 <sup>th</sup> November 2022)	Company Secretary
Manjunath H	CFO

#### Other Enterprises with which promoter has significant influence

Systat Software Inc, USA  
 Systat Software Asia Pacific Limited  
 Systat Software GmbH, Germany  
 Analytix Systems Private Limited  
 Caravel Info Systems Pvt Ltd  
 Proland Software Pvt Ltd  
 Cranes Varsity Pvt Ltd

#### Other Enterprises which are Indirect Subsidiaries

Systat Software UK Ltd

#### Other Related Parties

Orca Infotech Private Limited  
 K & J Holdings Private Limited  
 K & J Telecom Private Limited  
 Jansons Land & Property Development Pvt. Ltd.  
 Spice Capital Fund Private Limited  
 Sea Equity Enterprises Private Limited

**NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

**b) Transactions during the year**

S.No	Nature of transactions	Year ended March 31, 2023	Year ended March 31, 2022
1	P Phaneendra Salary to KMP	-	4.05
	Contribution to provident and other funds	-	0.22
2	Joydeep Sarkar Salary to KMP	0.81	-
	Contribution to provident and other funds	0.06	-
3	Manjunath H Contribution to provident and other funds	5.78 0.22	5.78 0.22

**c) Balance outstanding at the year end**

S.No	Particulars	As at March 31, 2023	As at March 31, 2022
1	Trade Receivables <b>Systat Software Inc</b> Amount outstanding at year end - Dr	6,512.77	8,157.16
	<b>Proland Software Pvt Ltd</b> Amount outstanding at year end - Dr	-	13.35
2	Others <b>Analytix Systems Pvt Ltd</b> Amount outstanding at year end - Cr	9.15	9.15
	<b>Caravel Info Systems Pvt Ltd</b> Amount outstanding at year end - Cr	143.38	143.38
	<b>Tilak Autotech Pvt Ltd</b> Amount outstanding at year end - Dr	-	163.81
	<b>Systat Software Asia Pacific Ltd</b> Amount outstanding at year end - Cr	52.38	52.38
	<b>Esqube Communication Solutions Private Ltd</b> Amount outstanding at year end - Dr	-	190.92
	<b>Directors Current Account</b> Amount outstanding at year end - Cr	4,076.17	4,076.17
	<b>Cranes Software Inc</b> Amount outstanding at year end - Cr	-	6,741.16





## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

S.No	Particulars	As at March 31, 2023	As at March 31, 2022
	<b>Proland Software Pvt Ltd</b>		
	Amount outstanding at year end - Dr	464.20	450.85
	<b>Systat Software UK Ltd</b>		
	Amount outstanding at year end - Dr	437.91	427.97
	<b>Cranes Varsity Private Limited</b>		
	Amount outstanding at year end - Dr	426.04	132.64

### 36 Retirement benefit plans

#### Defined contribution plans

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

#### Defined benefit plans

##### (a) Gratuity

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

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

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



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

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

Particulars	March 31, 2023	March 31, 2022
Discount Rate	7.50% p.a	7.07% p.a
Rate of increase in compensation level	7% p.a	7% p.a
Rate of Return on Plan Assets	-	-
Attrition rate	2.00% p.a	2.00% p.a

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

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

	March 31, 2023 Rs. Lakhs	March 31, 2022 Rs. Lakhs
Current service cost	0.51	0.55
Net interest expense	0.53	2.20
Return on plan assets (excluding amounts included in net interest expense)	-	-
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>1.04</b>	<b>2.74</b>
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period		
Actuarial (gains)/losses	(0.92)	(26.27)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(0.92)</b>	<b>(26.27)</b>
	<b>0.12</b>	<b>(23.53)</b>

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

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

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

Present value of defined benefit obligation	-	-
Fair value of plan assets	-	-
<b>Net liability/ (asset) arising from defined benefit obligation</b>	<b>-</b>	<b>-</b>
Funded	-	-
Unfunded	7.64	7.52
	<b>7.64</b>	<b>7.52</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

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

Non Current provisions (refer note 13)	7.17	6.83
Current provisions (refer note 17)	0.48	0.69
	<b>7.64</b>	<b>7.52</b>

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

Opening defined benefit obligation	7.52	31.05
Present value of obligation of subsidiary companies taken over	-	-
Current service cost	0.51	0.55
Interest cost	0.53	2.20
Actuarial (gains) /losses	-0.92	(26.27)
Benefits paid	-	-
Others	-	-
Closing defined benefit obligation	<b>7.64</b>	<b>7.52</b>

### Sensitivity analysis

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

### (b) Compensated absences

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

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

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

The design entitles the following risk

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

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

	March 31, 2023 Rs. Lakhs	March 31, 2022 Rs. Lakhs
Current service cost	0.14	0.04
Net interest expense	0.75	0.71
Return on plan assets (excluding amounts included in net interest expense)	-	-
Components of defined benefit costs recognised in profit or loss	<b>0.89</b>	<b>0.74</b>
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period		
Actuarial (gains)/losses	(0.74)	(5.05)
Components of defined benefit costs recognised in other comprehensive income	<b>(0.74)</b>	<b>(5.05)</b>
	<b>0.15</b>	<b>(4.30)</b>

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

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

Present value of defined benefit obligation	0.15	4.30
Fair value of plan assets	-	-
Net liability/ (asset) arising from defined benefit obligation	<b>0.15</b>	<b>4.30</b>
Funded	-	-
Unfunded	0.15	4.30
	<b>0.15</b>	<b>4.30</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### 37 The table below provides financial ratios

Ratio/Measure	Methodology	March 31, 2023	March 31, 2022
Current ratio	Current assets over current liabilities	0.07	0.09
Debt-equity ratio	Debt over total shareholders equity	(0.88)	(0.64)
Debt service coverage ratio(a)	EBITDA over current debt	0.13	0.03
Return on equity ratio(b)	PAT over total average equity	(0.12)	(0.02)
Trade receivable turnover ratio(c)	Revenue from operations over trade receivables	-	0.00
Trade payable turnover ratio	Adjusted expenses over trade payables	62.92	13.54
Net capital turnover ratio (d)	Revenue from operations over working capital	-	-0.00
Net profit ratio (e)	Net profit over Net Sales	-	(37.14)
Return on capital employed (f)	EBIT over capital employed	(0.15)	(0.04)

#### Notes:

EBITDA - Earnings before interest, taxes, depreciation and amortisation.

PAT - Profit after taxes.

EBIT - Earnings before interest and taxes.

Debt includes current and non-current lease liabilities.

Adjusted expenses derived from total expenses excluding depreciation and finance cost.

working capital derived from current assets in excess of current liabilities excluding borrowings.

#### Explanation for variances exceeding 25%:

- Current Ratio reduced on account of increase in current liabilities which increased by increase in Provision for doubtful debts.
- Debt Equity Ratio has Increased on account of decrease in PAT during the year ended March 31,2023
- Debt service coverage ratio improved on account of increase in EBIT during the year ended March 31, 2023
- Return on Equity ratio reduced on account of decrease in PAT during the year ended March 31,2023
- Net profit ratio increased on account of increase in other income during the year ended March 31,2023
- Return on capital employed reduced on account of decrease in Networth during the year ended March 31,2023

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

#### For and on behalf of the Board

**Asif Khader**  
Managing Director  
DIN : 00104893

**Mueed Khader**  
Director  
DIN : 00106674

**Apeksha Nagori**  
Company Secretary  
Membership No. A21952

**Manjunath.H**  
CFO

As per our report of even date attached  
**For M/s. Chaturvedi Sohan & Co**  
Chartered Accountants  
Firm Registration No.118424W

**Noshir Captain**  
Partner  
Membership No.009889  
UDIN : 23009889BGWUYK5714

Date: October 25, 2023  
Place: Bengaluru





# CRANES SOFTWARE INTERNATIONAL LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS 2022 - 2023



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## INDEPENDENT AUDITOR'S REPORT

To the members of CRANES SOFTWARE INTERNATIONAL LIMITED

Report on the Consolidated Ind AS Financial Statements

### Qualified Opinion

We have audited the accompanying consolidated Ind AS financial statements of Cranes Software International Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the consolidated Balance Sheet as at 31st March, 2023, the consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information prepared based on the relevant records, (hereinafter referred to as 'the consolidated financial statements').

In our opinion and subject to the qualifications reported in the standalone Independent Audit's Report of the Holding Company of even date, to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2023, their consolidated loss, and their consolidated cash flows for the year ended on that date.

### 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 31st March, 2023 is drawn on the basis of the Principle of 'Going Concern'. We opine as follows in this connection:
  - i. Due to Negative Net-worth and pending cases, it cast a significant uncertainty on the Company ability to continue as a going concern, however the management is hopeful for recovery hence the financials result prepared on going concern basis.
  - ii. Expected credit loss: following assets are non-performing in nature hence As per IND AS 109 "Financials instrument" the company needs to provide ECL by following lifetime ECL model.

Particular	Amount in lakhs
Investment	3215.88
Loan and advances	902.11
Trade receivables	6,512.77

- iii. Legal proceedings u/s.138 of the Negotiable Instruments Act has been initiated by Bank of India.
- iv. The Company has been defaulted in booking and payment of various statutory dues to various statutory authorities.
- v. 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.
- vi. Loan availed by the company from 'UPS Capital Business Credit' remains unpaid and is overdue since April 2014. The management is of the view that the liability of INR 696.37 lakhs (including interest)



reflected in the financial statements will adequately cover its liability on settlement of dues and therefore no provision for interest is provided for the period ended 31st March, 2023.

- vii. In continuation to the point 'vi' above, the company has also discontinued the restatement of the Exchange fluctuation gain / loss on account of the outstanding due towards 'UPS Capital Business Credit' 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 period ended 31st March, 2023
- viii. 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 5050.28 lakhs on such outstanding amounts for the period ended 31st March, 2023 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 period ended 31st March, 2023 would have been higher by INR 5050.28 lakhs.
- ix. Wilful defaulter: The bank of India has declared Company and promoters as "wilful defaulter".
- x. 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 INR 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 period ended 31st March, 2023. Had such interest been provided in the books in the normal course, the present loss for the period ended 31st March, 2023 would have been higher by INR 1654.73 lakh
- xi. In continuation to the point 'x' 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 period ended 31st March, 2023 would have been higher by INR 1890.00 lakhs.
- xii. 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 favour of the respective statutory authorities.
- xiii. The company has not complied with RBI guidelines since March 2011

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

### Emphasis of Matter

The attached Balance Sheet as at 31st March, 2023 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  
Redemption of Foreign currency convertible bond amounting to INR. 29,085.00 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.
- b. Term loans and working capital loan availed by the company from Bank of India amounting to INR 39,006.21 lakhs remain unpaid and are overdue since 2009, remain unpaid and are overdue since 2009. The lender has 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. 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.
- d. We would like to draw the attention of the members to note no. 28 of the standalone Ind AS Financial Statements regarding default of payments to various statutory authorities.
- e. 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.
- f. 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. 14 of the Financial Statements)
- g. 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 favour of the respective statutory authorities.
- h. 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.
- i. 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.

#### **Key Audit Matters**

##### **(a) Adoption of Ind AS 115- Revenue from contracts with customers:**

As described in note number 2B to the financial statements, the company has adopted Ind AS 115 Revenue from Contracts with Customers which is the new accounting standard. Considering the nature of the industry, where revenue is recognized on basis the terms of each contract with customers, these commercial arrangements can be complex and significant judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation and the appropriateness of basis used to measure revenue recognized over the time period is applied in selecting the accounting basis in each case. Additionally, new revenue accounting standard contains disclosures which involves disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the Consolidated balance sheet date.

The application and transition to this accounting standard is an area of focus in the audit.

##### **(b) Assessment of the appropriateness of provisions recognized and contingent liabilities disclosed in respect of certain tax matters**

(Refer notes 28 of the Consolidated Ind AS financial statements and Annexure B of the consolidated Audit Report)

As at March 31, 2023, the Company has significant tax exposures and is subject to periodic assessments/ challenges by tax authorities on transfer pricing, income tax and a range of indirect tax matters.

Consequent to such tax assessments and demands relating to past several years, the Company has paid certain amounts under protest at various dates. The Company has also filed appeals with various appellate authorities against such demands.

Management judgement is involved in assessing the likelihood of ultimate outcome of the tax disputes to decide on the accounting/ disclosure requirements. In certain complex matters the probable amount of the outflows determined by management is supported by opinions obtained from external tax counsels/ experts (management tax experts).



We considered this a key audit matter as:

- The amounts involved are significant to the standalone Ind AS financial statements
- Change in the management's judgements and estimates may significantly affect the provisions recognized or contingent liabilities disclosed
- Matters of disputes are complex in some cases due to the industry in which the Company operates and may lack clarity under tax laws.

#### **How our audit addressed the key audit matters**

##### **Our responses:**

We assessed the Companies process to identify the impact of adoption of the new revenue accounting standard.

Our audit procedures to address the risk of material misstatement relating to revenue recognition includes testing of design and operating effectiveness of controls and substantive procedures as follows:

- Evaluated the design and operating effectiveness of internal controls relating to the implementation of new revenue standard;
- Evaluated detailed analysis performed by the management on each stream of revenue contracts.
- Selected samples from all streams of contracts to carry out a detailed analysis on recognition of revenue as per the five steps given in standard. Performed revenue transaction testing on samples selected from each stream of revenue where each input to revenue recognition, including estimates.

##### **Our responses:**

Our audit procedures included the following:

- Understood, assessed and tested the design and operating effectiveness of the Company's controls in respect of identifying potential tax exposures and/or the accounting and disclosures thereof.
- Evaluated the related accounting policy for provisioning for tax exposures/ disclosure of contingent liabilities.
- Obtained management's assessment in respect of tax demands on whether tax outflow is either probable, possible or remote.
- Along with the auditors' experts, where necessary, evaluated the management's assessment as follows:
  - o Read the correspondences received during the year from the tax authorities.
  - o Read views provided by the management, management tax experts as applicable.
  - o Assessed management's positions on significant tax exposures for reasonableness.
  - o Ensured completeness of litigations by inquiring with the management, review of board minutes, and review of significant legal expenses.
  - o Evaluated the objectivity, competence and capabilities of the management tax experts
  - o Evaluated the adequacy of disclosures made in the standalone Ind AS financial statements.

Based on the above procedures, we considered the management's assessment in recognizing provisions and disclosing contingent liabilities in respect of the stated tax matters, as reasonable.

#### **Other Matter**

We did not audit the financial statements/financial information of subsidiaries, whose financial statements/financial information reflect total assets of INR. 2,465.83 lakhs at 31st March 2023, total revenues of INR. 3,609.81 lakhs as at the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors (except for those stated in para above) whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the



reports of the other auditors and the financial statements and other financial information certified by the management.

### **Management's Responsibility for the Consolidated Financial Statements**

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

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

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 on the consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS 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 Act, we are also responsible for expressing our opinion on whether the Holding 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related



disclosures in the consolidated Ind AS 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended 31 March 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

- 1) As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. Except for the matters specified in the Independent Auditor's Report of the Holding Company of even date, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. In our opinion, the qualifications and matters specified in the 'Emphasis of Matter' paragraph, may have an adverse effect on the functioning of the Company.
  - f. Three out of Four Directors of the company being directors of other companies which have not filed its annual return with the Registrar of Companies for a period of more than 3 years as on the date of Balance Sheet, leading to non-compliance and disqualification from being appointed as a director. The Registrar of the Companies Karnataka had ordered for removal of directors in terms of Section 164(2) of the Companies Act, 2013. The said directors have obtained an interim stay from the Hon'ble High Court of Karnataka on 26th of October 2018. However, in case of the remaining director, on the basis of the written representations received from them as on 31st March, 2023 taken on record by the Board of



Directors, the director is not disqualified as on 31st March,2023 from being appointed as a director in terms of Section 164(2) of the Act.

- g. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in Note 28 to the consolidated financial statements.
    - ii) The Group does not have any material foreseeable losses in long-term contracts including derivative contracts;
    - iii) The Holding Company has not transferred an amount of INR.7.21 Lakhs, which is required to be transferred to the Investor Education and Protection Fund.
2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Chaturvedi Sohan & Co  
Chartered Accountant  
FRN: 118424W**

**Noshir Captain  
Partner  
Membership No.009889  
UDIN : 23009889BGWUYL1594**

**Date : 25<sup>th</sup> October 2023  
Place :Mumbai**



## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditor's report to the members of **Cranes Software International Limited** ('the Company') on the consolidated Ind AS financial statements for the year ended on 31st March 2023.

- 1) With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and CARO report of its subsidiaries provided to us by the Management of the Company and based on identification of matters of qualifications or adverse remarks in CARO reports by the respective component auditors and provided to us, we report that the auditors of such companies have not reported any qualifications or adverse remarks in these CARO reports.

**For Chaturvedi Sohan & Co**  
**Chartered Accountant**  
**FRN: 118424W**

**Noshir Captain**  
**Partner**  
**Membership No.009889**  
**UDIN : 23009889BGWUYL1594**

**Date :25<sup>th</sup> October 2023**  
**Place :Mumbai**





## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls over financial reporting of Cranes Software International Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies which are incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

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

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and



- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Qualified Opinion**

In our opinion, subject to the matters specified in the 'Emphasis of Matter' paragraph as appearing in our Independent Auditor's Report of even date on the consolidated Ind AS financials statements, the holding company and its subsidiaries have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Chaturvedi Sohan & Co  
Chartered Accountant  
FRN: 118424W**

**Noshir Captain  
Partner  
Membership No.009889  
UDIN : 23009889BGWUYL1594**

**Date :25<sup>th</sup> October 2023  
Place :Mumbai**



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## CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

PARTICULARS	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	67.48	67.98
Intangible assets	4	0.01	2,137.62
Capital work in progress	5	-	-
Deferred Tax Asset (net)	6	33.47	24,336.20
<b>Financial assets</b>			
Investments	7	0.00	17.87
Other non-current assets	8	5.60	196.25
<b>Total non-current assets</b>		<b>106.56</b>	<b>26,755.93</b>
<b>Current assets</b>			
Inventories		0.37	-
<b>Financial assets</b>			
Trade receivables	9	884.67	769.62
Cash and cash equivalents	10A	25.87	79.01
Other bank balances	10B	86.67	89.59
Other current assets	11	273.72	2,493.45
<b>Total current assets</b>		<b>1,271.30</b>	<b>3,431.68</b>
<b>Total Assets</b>		<b>1,377.86</b>	<b>30,187.60</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	2,355.34	2,355.34
Other equity	13	(90,686.77)	(78,750.70)
<b>Total equity</b>		<b>(88,331.44)</b>	<b>(76,395.37)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	14	24.55	39.17
<b>Total non-current liabilities</b>		<b>24.55</b>	<b>39.17</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Short terms Borrowings	15	46,048.46	57,855.82
Trade payables	16	910.82	1,011.67
Other current liabilities	17	42,577.78	47,529.18
Provisions	18	147.69	147.12
<b>Total current liabilities</b>		<b>89,684.75</b>	<b>1,06,543.80</b>
<b>Total liabilities</b>		<b>89,709.29</b>	<b>1,06,582.97</b>
<b>Total Equity and Liabilities</b>		<b>1,377.86</b>	<b>30,187.60</b>

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

For and on behalf of the Board

Asif Khader  
Managing Director  
DIN : 00104893

Mueed Khader  
Director  
DIN : 00106674

Apeksha Nagori  
Company Secretary  
Membership No. A21952

Manjunath.H  
CFO

As per our report of even date attached  
For M/s. Chaturvedi Sohan & Co  
Chartered Accountants  
Firm Registration No. 118424W

Noshir Captain  
Partner  
Membership No. 009889  
UDIN : 23009889BGWUYL1594

Date: October 25, 2023  
Place: Bengaluru



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

AS AT MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

PARTICULARS	Notes	CURRENT YEAR	PREVIOUS YEAR
<b>Continuing Operations</b>			
<b>Income</b>			
Revenue from operations	19	638.36	585.87
Other income	20 & 21	20,221.21	6,501.99
<b>Total income</b>		<b>20,859.56</b>	<b>7,087.86</b>
<b>Expenses</b>			
Purchase of stock-in-trade - Traded goods	22	44.24	97.73
Changes in inventories of finished goods		(0.37)	-
Employee Benefits Expense	23	601.68	761.17
Finance costs	24	325.14	110.44
Depreciation and amortisation expense	4	16.20	52.75
Other expenses	25	5,663.79	2,972.52
<b>Total expenses</b>		<b>6,650.69</b>	<b>3,994.61</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>14,208.87</b>	<b>3,093.24</b>
Exceptional items		(1,140.00)	-
<b>Profit / (Loss) before tax from continuing operations</b>		<b>13,068.87</b>	<b>3,093.23</b>
<b>Income tax expense</b>	26		
Income Tax-Current year		5.91	11.77
Income tax relating to earlier years		-	-
MAT Credit Entitlement Reversed		-	-
Deferred tax charge/ (credit) relating to earlier years		(22,817.35)	(4,581.30)
<b>Profit / (Loss) for the year</b>		<b>(9,754.39)</b>	<b>(1,499.83)</b>
<b>Other comprehensive Income</b>		-	-
<b>Other comprehensive Income for the year, net of tax</b>		-	-
<b>Total comprehensive Income / (Loss) for the year</b>		<b>(9754.39)</b>	<b>(1,499.83)</b>
<b>Earnings per share</b>	27		
Basic earnings per share		(8.28)	(1.27)
Diluted earnings per share		(8.28)	(1.27)

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

### For and on behalf of the Board

**Asif Khader**  
Managing Director  
DIN : 00104893

**Apeksha Nagori**  
Company Secretary  
Membership No. A21952

**Mueed Khader**  
Director  
DIN : 00106674

**Manjunath.H**  
CFO

As per our report of even date attached  
**For M/s. Chaturvedi Sohan & Co**  
Chartered Accountants  
Firm Registration No.118424W

**Noshir Captain**  
Partner  
Membership No.009889  
UDIN : 23009889BGWUYL1594

Date: October 25, 2023  
Place: Bengaluru



## CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>Cash Flow From Operating Activities</b>		
Profit / (Loss) before income tax	13,068.87	3,093.23
<b>Adjustments for</b>		
Depreciation and amortisation expense	16.20	52.75
Bad Debts Writtenoff	379.89	24.92
Foreign Exchange Loss/(Gain) (Net)	477.89	167.63
Loan Principal Writeback	(940.09)	(913.89)
Interest on Bank loans written back	(3,600.00)	(4,114.98)
Balance no longer payable written Back	(8,043.69)	(1,442.20)
Exceptional item	1,140.00	-
Finance costs	325.14	110.44
	<b>2,824.21</b>	<b>(3,022.08)</b>
<b>Change in operating assets and liabilities</b>		
(Increase)/ decrease in inventories		
(Increase)/ decrease in trade receivables	(272.68)	4,704.86
(Increase)/ decrease in Other assets	2,029.09	(2,407.43)
Increase/ (decrease) in Current liabilities	4,950.84	(5,466.27)
Increase/ (decrease) in trade payables	100.85	(299.74)
Cash generated from operations	471.07	(6,490.67)
Less : Income taxes paid (net of refunds)	(5.91)	(11.77)
<b>Net cash from operating activities (A)</b>	<b>(476.98)</b>	<b>(6,502.44)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of PPE (including changes in CWIP)	(15.72)	-
<b>Net cash used in investing activities (B)</b>	<b>(15.72)</b>	<b>-</b>
<b>Cash Flows From Financing Activities</b>		
Interest on borrowed funds	(325.14)	(110.44)
Borrowings/repayments	-	-
Loan Principal Writeback	940.09	913.89
Interest on Back Loans written back	3,600.00	4,114.98
Balance no longer payable written back	8,043.69	1,442.20
Reclassification of Borrowings	(11,807.37)	-
Long term Provisions	(14.63)	(7.45)
<b>Net cash from/ (used in) financing activities (C)</b>	<b>436.63</b>	<b>6,353.18</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(56.06)</b>	<b>(149.25)</b>
Cash and cash equivalents at the beginning of the financial year	168.60	317.85
<b>Cash and cash equivalents at end of the year</b>	<b>112.54</b>	<b>168.60</b>

**Notes:**

- The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash flow statements"
- Components of cash and cash equivalents Balances with banks

- in current accounts	16.42	78.97
Others	86.67	89.59
Cash on hand	9.46	0.04
	<b>112.54</b>	<b>168.60</b>

**For and on behalf of the Board**

**Asif Khader**  
Managing Director  
DIN : 00104893

**Mueed Khader**  
Director  
DIN : 00106674

**Apeksha Nagori**  
Company Secretary  
Membership No. A21952

**Manjunath.H**  
CFO

As per our report of even date attached  
**For M/s. Chaturvedi Sohan & Co**  
Chartered Accountants  
Firm Registration No.118424W

**Noshir Captain**  
Partner  
Membership No.009889  
UDIN : 23009889BGWUYL1594

Date: October 25, 2023  
Place: Bengaluru



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

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

### (A) Equity Share Capital

Balance at the beginning of April 1, 2021	2,355.34
Changes in equity share capital during the year	-
Balance at the end of March 31, 2022	2,355.34
Changes in equity share capital during the year	-
Balance at the end of March 31, 2023	2,355.34

### (B) Other Equity

Particulars	General Reserve	Securities Premium Reserve	Capital Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
Balance as at April 1, 2021	18,430.00	17,898.26	2,400.00	2,847.83	(1,17,067.81)	(75,491.72)
Transfer on account of Adjustment	-	-	-	-	-	-
Profit for the year	-	-	-	(1,795.91)	(1,463.08)	(3,258.99)
Balance as at March 31, 2022	18,430.00	17,898.26	2,400.00	1,051.92	(1,18,530.89)	(78,750.71)
Additions/ (deductions) during the year	-	-	-	-	-	-
Profit for the year	-	-	-	(1,303.34)	(9,754.39)	(8,451.06)
Transfer on account of Adjustment	-	-	-	-	(3,485.01)	(3,485.01)
Balance as at March 31, 2023	18,430.00	17,898.26	2,400.00	2,355.25	(1,31,770.29)	(90,686.77)

The accompanying notes form an integral part of the financial statements

#### For and on behalf of the Board

**Asif Khader**  
Managing Director  
DIN : 00104893

**Apeksha Nagori**  
Company Secretary  
Membership No. A21952

**Mueed Khader**  
Director  
DIN : 00106674

**Manjunath.H**  
CFO

As per our report of even date attached  
**For M/s. Chaturvedi Sohan & Co**  
Chartered Accountants  
Firm Registration No.118424W

**Noshir Captain**  
Partner  
Membership No.009889  
UDIN : 23009889BGWUYL1594

Date: October 25, 2023  
Place: Bengaluru



## CRANES SOFTWARE INTERNATIONAL LIMITED

CIN : L05190KA1984PLC031621

### Notes to Financial Statements for the year ended March 31, 2023

#### 1 Corporate Information

Cranes Software International Limited (CSIL) was incorporated on 22nd December, 1984. CSIL is a Company that provides enterprise statistical analytics and engineering simulation software products and solutions across the globe. Presently, CSIL has developed IP's and products in data Integration & visualization, engineering simulations, graphing, plotting and designing modules. The Company is head quartered in Bangalore and has offices in India, United States of America, United Kingdom and Germany.

#### 2 Basis of preparation of financial statements

##### Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Except for the changes below, the Company has consistently applied accounting policies to all periods. The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'. The application of Ind AS 115 did not have material impact on the financial statements. Appendix B to Ind AS 21 'The Effects of Changes in Foreign Exchange Rates': On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018. The Company has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material.

##### Basis of preparation and presentation

For all periods up to and including the year ended March 31, 2023, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

##### Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

##### Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakhs (up to two decimals). The financial statements are approved for issue by the Company's Board of Directors on 25<sup>th</sup> October 2023.

#### 2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.





Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

#### **Property, Plant and Equipment, Intangible Assets and Investment Properties**

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

#### **Current tax**

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

#### **Deferred Tax Assets (including MAT Credit Entitlement)**

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### **Fair value**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

#### **Impairment of Trade Receivables**

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

#### **Impairment of Non-financial assets (PPE/Intangible Assets/Investment Properties)**

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

#### **Defined Benefit Plans and Other long term benefits**

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from



observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

### **Provisions and contingencies**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

## **2B Recent accounting pronouncements**

### **Standards issued but not yet effective**

The following standards have been notified by Ministry of Corporate Affairs (effective from April 01, 2019)

- a. Ind AS 116 – Leases
- b. Appendix C to Ind AS 12 - Uncertainty over Income tax Treatments
- c. Amendment to Ind AS 19 - Employee Benefits
- d. Amendment to Ind AS 12 - Income Taxes

The Company is evaluating the requirements of the above standards and the effect on the financial statements is also being evaluated.

## **3 Significant Accounting Policies**

### **a) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) Held primarily for the purpose of trading
- iii) Expected to be realised within twelve months after the reporting period, or
- iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle
- ii) It is held primarily for the purpose of trading
- iii) It is due to be settled within twelve months after the reporting period, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

### **b) Fair value measurement**

The Company has applied the fair value measurement wherever necessitated at each reporting period.



Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability;
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non - financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non - recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.

## c) Revenue Recognition

### **Sale of goods**

Revenue from sale of products is recognized, in accordance with the sales contract, on delivery of goods to the customer. Revenue from product sales are shown net of taxes.

### **Sale of services**

Revenue on software development services comprises revenue priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.

Revenue from technical service, training, support and other services is recognized as the related services are performed over the duration of the contract/course.

**Interest Income**

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**Rental income**

Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

**Dividend income**

Dividend income is recognized when the company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

**d) Property, plant and equipment and capital work in progress****Presentation**

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

**Component Cost**

All material/ significant components have been identified for our plant and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

**Derecognition**

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**e) Depreciation on property, plant and equipment**

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value. Depreciation is provided on straight line method, over the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful life estimated on technical assessment, past trends and differ from those provided in Schedule II of the Companies Act, 2013.

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/ disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded/ sold. Additions to fixed assets, costing Rs. 5000 each or less are fully depreciated retaining its residual value.



The residual values, estimated useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **f) Intangible assets**

##### **Intangible assets acquired separately**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of a separately acquired intangible asset comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost of preparing the asset for its intended use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

##### **Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

##### **Intangible assets internally generated**

Expenditure on research activities is recognised as an expense in the year in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, the intangible asset first meets the recognition criteria referred in Ind AS 38 "Intangible Assets". Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

##### **Useful life and amortisation of intangible assets**

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

##### **Intangible assets with indefinite useful life**

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

##### **Subsequent cost and measurement**

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally-generated intangibles, are recognised in the statement of profit and loss as incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

**g) Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 - Property, plant and equipment's requirements for cost model. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Company depreciates investment property as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Though the Company measures investment property using the cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss in the period in which the property is derecognised.

**h) Non Current Assets Held for Sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

**i) Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs are determined on weighted average basis as follows :

- i) Raw materials, packing materials and Store and Spare Parts :** At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.
- ii) Work in progress:** At material cost, conversion costs and appropriate share of production overheads
- (iii) Finished goods and waste :** At material cost, conversion costs, appropriate share of production overheads and Excise Duty. Post implementation of GST from July 1, 2017 no excise duty is included in the closing stock of finished goods as at March 31, 2019.

**j) Financial Instruments**

**Financial assets**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified into the following categories:

- Financial instruments (other than equity instruments) at amortised cost
- Financial Instruments (other than equity instruments) at Fair value through Other comprehensive income (FVTOCI)
- Other Financial Instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**Financial instruments other than equity instruments at amortised cost**

The Company classifies a financial instruments (other than equity instruments) at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**Financial instruments other than equity instruments at FVTOCI**

The Company classifies a financial instrument (other than equity instrument) at FVTOCI, if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Financial instruments other than equity instruments at FVTPL**

The Company classifies all other financial instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in other comprehensive income, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, Loans to employees and related parties, deposits, interest receivable, unbilled revenue and other advances recoverable in cash
FVTOCI	Equity investments in companies other than Subsidiaries and Associates as an option exercised at the time of initial recognition.
FVTPL	Other investments in equity instruments, forward exchange contracts. (to the extent not designated as hedging instrument)

**Derecognition**

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement~ and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- Financial assets that are debt instruments and are measured at FVTOCI





- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss, net of lien available on securities held against the receivables. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation for various financial instruments is described below:

- **Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:** ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- **Debt instruments measured at FVTOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done retrospectively on the following basis:

Name of the financial asset	Impairment Testing Methodology
Trade Receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.

**Other financial assets**

When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

**Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at FVTPL**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

**Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

**(a) Derivatives fair valued through profit or loss**

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.



Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

S.No	Original classification	Revised classification	Accounting treatment
1	Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
2	FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
3	Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
4	FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
5	FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
6	FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.



Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **k) Foreign currency transactions and translations**

##### **Transactions and balances**

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss.

The Company enters into forward exchange contract to hedge its risk associated with Foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.

#### **l) Borrowing Costs**

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

#### **m) Government grants**

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based



on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

## n) Taxes

### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**o) Retirement and other employee benefits****Short-term employee benefits**

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

**Defined contribution plans**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and super annuation fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**Defined benefit plans**

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

**Compensated absences**

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

**Other long term employee benefits**

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

**p) Impairment of non financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**q) Provisions, contingent liabilities and contingent asset****Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will



be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made if realisation of money is doubtful in the judgement of the management.

#### **Contingent liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

#### **Contingent assets**

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect. Contingent assets are disclosed but not recognised in the financial statements.

#### **r) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

#### **s) Cash Flow Statement**

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

#### **t) Earnings per share**

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### 3. PROPERTY, PLANT AND EQUIPMENT

Particulars	Plant and Equipments	Furniture and Fixtures	Computers	Vehicles	Total
Cost as at March 31, 2021	127.75	41.38	497.67	23.54	690.34
Additions	1.73	6.72	7.80	-	16.25
Disposals / Adjustment	-	-	-	-	-
Cost as at March 31, 2022	129.48	48.10	505.47	23.54	706.59
Additions	1.55	3.78	10.39	-	15.72
Disposals / Adjustment	-	-	-	-	-
Cost as at March 31, 2023	131.02	51.88	515.86	23.54	722.30
Depreciation/Amortisation					
Cost as at March 31, 2021	112.04	27.87	464.17	22.36	626.44
Charge for the year	3.27	1.99	7.00	-	12.26
On disposals / Adjustment	0.10	-	-	-	0.10
As at March 31, 2022	115.21	29.86	471.17	22.36	638.60
Charge for the year	4.25	3.87	8.08	-	16.20
On disposals / Adjustment	-	-	-	-	-
As at March 31, 2023	119.46	33.73	479.26	22.36	654.80
Net Block					
As at March 31, 2021	15.71	13.51	33.50	1.18	63.90
As at March 31, 2022	14.27	18.24	34.29	1.18	67.98
As at March 31, 2023	11.57	18.15	36.60	1.18	67.48

### 4. INTANGIBLE ASSETS & GOODWILL

Particulars	Intangible Assets-	Goodwill	Total
Cost as at April 1, 2021	67,287.64	-	67,287.64
Additions	0.01	-	0.01
Disposals / Adjustment	-	-	-
Cost as at March 31, 2022	67,287.65	-	67,287.65
Additions	-	-	-
Disposals	-	-	-
Cost as at March 31, 2023	67,287.65	-	67,287.65
Depreciation/Amortisation			
As at March 31, 2021	63,347.96	-	63,347.96
Charge for the year	40.49	-	40.49
On disposals / Adjustment	(1,761.57)	-	(1,761.57)
As at March 31, 2022	65,150.02	-	65,150.02
Charge for the year	-	-	-
On disposals / Adjustment	(2,137.62)	-	(2,137.62)
As at March 31, 2023	67,287.64	-	67,287.64
Net Block			
As at March 31, 2021	3,939.68	-	3,939.68
As at March 31, 2022	2,137.63	-	2,137.63
As at March 31, 2023	0.01	-	0.01





## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

Particulars	As at March 31, 2023	As at March 31, 2022
<b>5 Capital Work-in-progress</b>		
Software	-	-
	-	-
<b>6 Deferred Tax - Net *</b>		
<b>Deferred Tax Asset</b>		
On Property, plant and equipment	33.47	29.60
Carried Forward Losses	-	11,434.69
Expenditure allowed for tax on accrual basis	-	6.32
Others	-	12,865.59
	<b>33.47</b>	<b>24,336.20</b>
<b>Deferred Tax Liability</b>		
Net deferred tax (liability) / Asset	<b>33.47</b>	<b>24,336.20</b>
<b>7 Non-current investments</b>		
<b>Trade, Long term, Unquoted at Cost</b>		
147 Equity shares of UAE Dirham 1,000/- each fully paid up of Cranes Software Middle East LLC - UAE	17.87	17.87
(As at March 31, 2022 -147 Equity shares of UAE Dirham 1,000/- each fully paid up)		
Less Provision for the year	(17.87)	-
	<b>0.00</b>	<b>17.87</b>
<b>Total non-current investments</b>		
Aggregate cost of unquoted investments	-	17.87
<b>8 Other Non-current assets - Financial Assets:</b> (Unsecured, considered good unless otherwise stated)		
Earnest Money Deposits	-	-
Security Deposits	5.60	7.25
Unamortised Expenses	-	189.00
	<b>5.60</b>	<b>196.25</b>
<b>9 Trade receivables</b>		
Unsecured		
Considered Good	884.67	767.79
Subsidiary		
Considered Doubtful	-	1.81
	884.67	769.62
Less: Allowances for Credit Loss	-	-
	<b>884.67</b>	<b>769.62</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

Outstanding for following periods from due date of payment	Undisputed Trade receivables – considered good		Undisputed Trade Receivables – considered doubtful	
	2023	2022	2023	2022
Not due	-	-	-	-
Less than 6 months	0.32	0.32	-	-
6 months -1 year	1.43	1.43	-	-
1-2 years	22.94	22.94	-	-
2-3 years	-	-	-	-
More than 3 years	859.98	743.10	-	1.81
<b>Total</b>	<b>884.67</b>	<b>767.79</b>	<b>-</b>	<b>1.81</b>

Particulars	As at March 31, 2023	As at March 31, 2022
<b>10A Cash and cash equivalents</b>		
Cash on hand	9.46	0.04
<b>Balances with banks</b>		
In current accounts	16.42	78.97
	<b>25.87</b>	<b>79.01</b>
<b>10B Other bank balances</b>		
More than 3 months but less than 12 months	0.79	0.79
Unpaid Dividend Account	85.88	88.80
	<b>86.67</b>	<b>89.59</b>
	<b>112.54</b>	<b>168.60</b>
<b>11 Other current assets</b> (Unsecured, considered good)		
Prepaid expenses	1.43	1.51
Advance to suppliers	5.26	21.64
Advance to paid to SBI towards Loan Settlement	-	1,400.00
Other advances	217.32	1,024.24
Balance with govt authorities	49.71	46.08
	<b>273.72</b>	<b>2,493.45</b>
<b>12 Capital</b>		
<b>Authorised Share Capital</b>		
165,000,000 (165,000,000) Equity shares of Rs. 2 each	10,076.71	10,076.71
2,00,000 (2,00,000) Preference shares of Rs. 100 each	200.00	200.00
	<b>10,276.71</b>	<b>10,276.71</b>
<b>Issued Share Capital</b>		
117,766,850 (117,766,850) Equity shares of Rs. 2 each	9,104.06	9,104.06
	<b>9,104.06</b>	<b>9,104.06</b>
<b>Subscribed and fully paid up share capital</b>		
117,766,850 (117,766,850) Equity shares of Rs. 2 each	2,355.34	2,355.34
	<b>2,355.34</b>	<b>2,355.34</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

Particulars	As at	
	March 31, 2023	March 31, 2022

### Notes:

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

Balance as at the beginning of the year	11,77,66,850	11,77,66,850
Add: Issued during the year	-	-
<b>Balance at the end of the year</b>	<b>11,77,66,850</b>	<b>11,77,66,850</b>

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

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

Name of the share holder	March 31, 2023		March 31, 2022	
	No of shares	% of Holding	No of shares	% of Holding
IBC Knowledge Park Private Limited	1,31,35,314	11%	1,31,35,314	11%
Bank of India	1,12,91,723	10%	1,12,91,723	10%

### Details of shares held by each promoter

Name of the Promoter	March 31, 2023		March 31, 2022	
	No of shares	% of Holding	No of shares	% of Holding
Asif Khadar	10,01,500	0.850%	10,01,500	0.850%
Mueed Khadar	1,000	0.001%	1,000	0.001%
K and J Telecom Pvt Ltd	20,08,600	1.706%	20,08,600	1.706%
Sea Equity Enterprises Pvt Ltd	20,00,000	1.698%	20,00,000	1.698%
K and J Holdings Private Limited	15,47,000	1.314%	15,47,000	1.314%
Jansons Land and Property Development Private Limited	4,94,600	0.420%	4,94,600	0.420%
<b>Total</b>	<b>70,52,700</b>	<b>5.989%</b>	<b>70,52,700</b>	<b>5.989%</b>

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

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

### 13 Other Equity

a) General reserve	18,430.00	18,430.00
b) Securities Premium Reserve	17,898.26	17,898.26
c) FCCB Premium Redemption Reserve	2,400.00	2,400.00
d) Foreign Currency Translation Reserve	2,355.26	1,051.92
e) Retained earnings	(1,31,770.29)	(1,18,530.89)
	<b>(90,686.77)</b>	<b>(78,750.70)</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

Particulars	As at March 31, 2023	As at March 31, 2022
<b>a) General reserve</b>		
Balance at the beginning of the year	18,430.00	18,430.00
Additions during the year	-	-
Balance at the end of the year	<b>18,430.00</b>	<b>18,430.00</b>
<b>b) Securities Premium Reserve</b>		
Balance at the beginning and beginning of the year	17,898.26	17,898.26
Additions during the year	-	-
Balance at the end of the year	<b>17,898.26</b>	<b>17,898.26</b>
<b>c) FCCB Premium Redemption Reserve</b>		
Balance at the beginning of the year	2,400.00	2,400.00
Additions during the year	-	-
Balance at the end of the year	<b>2,400.00</b>	<b>2,400.00</b>
<b>d) Foreign Currency Translation Reserve</b>		
Balance at the beginning of the year	1,051.92	2,847.83
Transfer on account of Adjustment	1,303.34	(1,795.91)
Balance at the end of the year	<b>2,355.26</b>	<b>1,051.92</b>
<b>e) Retained earnings</b>		
Balance at the beginning of the year	(1,18,530.89)	(1,17,067.81)
Net profit for the period	(9,754.39)	(1,463.08)
Ind AS adjustments	(3,485.01)	-
Balance at the end of the year	<b>(1,31,770.29)</b>	<b>(1,18,530.89)</b>
<b>14 Provisions (Non -current)</b>		
Provision for Employee Benefits		
Compensated absences	5.17	2.44
Gratuity	19.38	36.73
	<b>24.55</b>	<b>39.17</b>
<b>15 Current liabilities - Financial Liabilities: Short term Borrowings*</b>		
<b>Unsecured</b>		
CSIL Employees Comprehensive Gratuity Trust	43.78	43.78
Loan from Directors	3,651.62	3,651.62
Intercompany Loan	3,346.85	2,706.00
<b>Term Loans from Banks</b>		
Bank of India*	31,270.35	31,270.35
(Amount Sanction Rs.14000 Lakhs and Rate of interest 13.25% PA)		
<b>Cash Credit facilities from Banks</b>		
Bank of India*	7,735.86	7,735.86
(Amount Sanction Rs.300 Lakhs and Rate of interest 10% PA)		
State Bank of India	-	12,448.57
	<b>46,048.46</b>	<b>57,855.82</b>
<i>*Term Loan and Cash Credit from Bank of India account has been declared as NPA from 2009</i>		
<b>16 Trade payables</b>		
- total outstanding dues of micro enterprises and small enterprises	0.39	0.47
- total outstanding dues of creditors other than micro and small enterprises	910.43	1,011.20
	<b>910.82</b>	<b>1,011.67</b>

\*Refer Note No. 29 related to Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### Trade payable ageing schedule

Outstanding for following periods from due date of payment	MSME		Others	
	2023	2022	2023	2022
Not due	-	-	-	-
Less than 1 year	0.39	0.47	12.19	12.58
1-2 years	-	-	850.44	865.69
2-3 years	-	-	11.53	11.22
More than 3 years	-	-	36.27	121.71
<b>Total</b>	<b>0.39</b>	<b>0.47</b>	<b>910.43</b>	<b>1,011.20</b>

Particulars	As at	As at
	March 31, 2023	March 31, 2022
<b>17 Other current liabilities</b>		
Current maturities of long term debt		
Bondholders of Foreign Currency Convertible bonds (42,000 units of 1,000/- Euros each fully paid up)	29,085.00	29,085.00
Interest payable to FCCB Bondholders	9,609.75	9,609.75
Foreign Currency Term Loan from UPS Capital	696.37	1,350.21
Advance from customers	-	681.84
Employee payables	245.46	1,626.11
Directors Remuneration Payable	424.55	424.55
Amounts due and payable to Investor Education and Protection Fund	7.21	7.21
Statutory dues payable	1,243.48	1,236.45
Unpaid Dividend Distribution Tax	273.88	273.88
Others	992.08	3,234.18
	<b>42,577.78</b>	<b>47,529.18</b>
<b>18 Provisions</b>		
Provision for tax	147.02	136.61
Provision for gratuity	0.48	4.18
Provision for compensated absences leave	0.19	6.33
	<b>147.69</b>	<b>147.12</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>19 Revenue from operations</b>		
Sale of Licenses		
Domestic	79.27	181.11
Export	23.49	20.82
Sale of services	535.60	383.94
	<b>638.36</b>	<b>585.87</b>
<b>20 &amp; 21 Other income</b>		
Interest Income [refer note 21 (a) below]	18.37	0.70
Other non-operating Income [refer note 21 (b) below]	20,202.83	6,501.29
	<b>20,221.21</b>	<b>6,501.99</b>
<b>21(a) Interest Income</b>		
Interest on Fixed Deposit	0.22	0.70
Interest received-Others	18.16	-
	<b>18.37</b>	<b>0.70</b>
<b>21(b) Other non-operating Income</b>		
Gratuity Written back	-	23.53
Leave Encashment Written back	3.41	-
Interest on Writeback-SBI	8,555.75	2.92
Principal Writeback-SBI	3,600.00	4,114.98
Sundry Credit Balances Writtern off	940.09	913.89
Sundry Balances Writternoff from Subsidiaries	7,103.58	1,445.97
	<b>20,202.83</b>	<b>6,501.29</b>
<b>22 Purchase of stock-in-trade-traded goods</b>		
Purchases during the year	44.24	97.73
	<b>44.24</b>	<b>97.73</b>
<b>23 Employee benefits expense</b>		
Salaries, wages and bonus	572.09	743.01
Contribution to Provident Fund	12.53	10.72
Gratuity Fund	7.28	-
Staff welfare expenses	9.78	3.80
Employee Group Insurance	-	3.29
ESI	-	0.34
	<b>601.68</b>	<b>761.17</b>
<b>24 Finance Cost</b>		
Interest on Statutory dues	1.79	-
Interest to others	317.96	105.74
Bank Charges	5.40	4.69
	<b>325.14</b>	<b>110.44</b>
<b>4 Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment	16.20	12.59
Amortization of Intangible assets	-	40.17
	<b>16.20</b>	<b>52.75</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>25 Other expenses</b>		
Power & Fuel	22.43	16.66
Repairs and Maintenance	20.68	8.33
Legal and General Expenses	59.90	838.42
Penalty Paid	2.90	-
Telephone and Communication	14.30	13.88
Travelling & Conveyance expenses	16.89	15.50
Rents	83.85	73.41
General Expenses	74.49	37.41
Rates and Taxes	13.13	9.11
Auditors' Remuneration	29.48	7.35
Advertisement	-	48.27
Exchange Loss	477.89	167.63
Advances due from related party no longer receivable written off	-	1,736.55
Marketing Expenses	53.55	-
Investment / Provision Writeoff	4,794.30	-
	<b>5,663.79</b>	<b>2,972.52</b>
<b>Auditors' Remuneration</b>		
As Auditor	29.48	7.35
Others	-	0.01
	<b>29.48</b>	<b>7.35</b>
<b>26 Income tax expense</b>		
<b>(a) Income tax expense</b>		
<b>Current tax</b>		
Current tax on profits for the year	5.91	11.77
Prior period tax adjustment	-	-
<b>Total current tax expense</b>	<b>5.91</b>	<b>11.77</b>
<b>Deferred tax</b>		
Deferred tax recognised for the year	(22,817.35)	(4,581.30)
<b>Total deferred tax expense/(benefit)</b>	<b>(22,817.35)</b>	<b>(4,581.30)</b>
<b>Income Tax expense</b>	<b>(22,811.44)</b>	<b>(4,569.53)</b>
<b>b) The income tax expense for the year can be reconciled to the accounting profit as follows:</b>		
Profit / (Loss) before tax from continuing operations	13,068.87	3,093.24
Income tax expense calculated at 25.17% (2021-22: 25.17%)	-	-
Effect of carried forward losses not recognised expenses that are not deductible in determining taxable profit	-	-
Income tax expense	-	-

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

**c) Income tax recognised in other comprehensive income**  
**Deferred tax**

Remeasurement of defined benefit obligation	-	-
Total income tax recognised in other comprehensive income	-	-

**d) Movement of deferred tax expense during the year ended March 31, 2023**

Deferred tax (liabilities) / assets in relation to	Opening Balance	Recognised in Profit or loss	Recognised in other comprehensive Income	Closing balance
Property, plant, and equipment and Intangible Assets	29.60	(29.60)	-	-
Expenses allowable on Payment basis	6,593.11	(6,593.11)	-	-
Provision for Retirement Benefits	3.79	(3.79)	-	-
Provision For Bad Debts	2,344.51	(2,344.51)	-	-
Brought forward losses	15,365.19	(13,846.34)	-	33.47
	<b>24,336.20</b>	<b>(22,817.35)</b>	-	<b>33.47</b>
MAT Credit entitlement	-	-	-	-
	<b>24,336.20</b>	<b>(22,817.35)</b>	-	<b>33.47</b>

**e) Movement of deferred tax expense during the year ended March 31, 2022**

Deferred tax (liabilities)/ assets in relation to	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive	Closing balance
Property, plant, and equipment and Intangible Assets	34.63	(5.03)	-	29.60
Expenses allowable on Payment basis	11,484.23	(4,891.12)	-	6,593.11
Provision for Retirement Benefits	8.56	(4.77)	-	3.79
Provision For Bad Debts	1,799.66	544.85	-	2,344.51
Brought forward losses	14,567.84	176.00	-	15,365.19
	<b>27,894.92</b>	<b>(4,581.30)</b>	-	<b>24,336.20</b>

**f) Unused tax credits**

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





## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>27 Earnings per share</b>		
Profit / (Loss) for the year attributable to owners of the Company	(9,754.39)	(1,499.83)
Weighted average number of ordinary shares outstanding	11,77,66,850	11,77,66,850
Basic earnings per share (Rs)	(8.28)	(1.27)
Diluted earnings per share (Rs)	(8.28)	(1.27)

### 28 Commitments and contingent liability

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Contingent Liability *</b>		
Bank Guarantees	104.70	104.70
Disputed demands from Service tax authorities	2,017.03	2,017.03
Employees Provident fund organisation (Note 1)	-	83.09
Directorate of Enforcement	580.00	580.00

Note 1 : The Company has settled the dues to Employees Provided fund organisation during July 2022.

Undisputed Statutory Dues remaining unpaid as at March 31, 2023		
Employee's Provident Fund & Miscellaneous Provision Act	57.75	52.69
Commercial Taxes Act	5.91	30.70
Employees State Insurance Act	0.91	10.55
Income Tax Act (Tax Deducted at Source)	413.76	391.81
Service Tax Act	239.48	239.48
VAT	89.71	69.54
Income Tax Act	231.59	217.32
Wealth Tax Act	-	0.45
Income Tax Act	273.88	273.88
Investor Education Protection Fund	7.21	7.21
Goods and Service Tax Act	234.95	188.00

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

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

Name of Institution	Amount of Claim (In Lakhs)	In which Forum
<b>A. Under Section 434 of Companies Act, 1956</b> 1. Bank of India	39,006.21	High Court of Karnataka Bangalore
<b>B. Under Section 138 of Negotiable Instruments Act, 1881</b> 1. Bank of India	500.00	Metropolitan Court, Bangalore
<b>C. Under Debt Recovery Act, 1993</b> 1. Bank of India	19,688.48	Debt Recovery Tribunal, Chennai
<b>D. Special Court for Economic Offenses</b> SEBI	235.53	Supreme Court of India Delhi

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(a) The principal amount remaining unpaid at the end of the year	0.39	0.47
(b) The delayed payments of principal amount paid beyond the appointed date during the year	-	-
(c) Interest actually paid under Section 16 of MSMED Act	-	-
(d) Normal Interest due and payable during the year, for all the delayed payments, as per the agreed terms	-	-
(e) Total interest accrued during the year and remaining unpaid	-	-
*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.		

### 30 Operating Segments

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

### 31 Impairment of Assets

The company assessed its fixed assets for impairment as at 31st March 2023 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account. However, the company had assessed its tangible Assets for impairment as at 31st March 2023 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### 32 Operating lease arrangements (as lessor)

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

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

### 34 Foreign Currency Convertible Bonds

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

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

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. 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 had granted a stay during June 2022 directing the official liquidator not to precipitate the process of the winding up order and the matter was extended till the next date of hearing as the petitioner and the company were exploring the possibility of amicable settlement. Now, the Hon'ble High Court of Karnataka has withdrawn the winding up order on behalf of the Foreign Currency Bond Holders.



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### 35 Financial Instruments

#### Capital management

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

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

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

<b>Gearing Ratio:</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Debt	85,439.58	97,900.79
Less: Cash and bank balances	25.87	79.01
Net debt	85,413.70	97,821.78
Total equity	(88,331.44)	(76,395.37)
Net debt to equity ratio (%)	-96.70%	-128.05%

#### Categories of Financial Instruments

**March 31, 2023**

**March 31, 2022**

#### Financial assets

##### a. Measured at amortised cost

Other non-current financial assets	5.60	196.25
Trade receivables	884.67	769.62
Cash and cash equivalents	25.87	79.01

##### b. Mandatorily measured at fair value through profit or loss (FVTPL)

Investments	-	17.87
Derivative instruments	-	-

#### Financial liabilities

##### a. Measured at amortised cost

Borrowings (short term)	46,048.46	57,855.82
Trade payables	910.82	1,011.67

##### b. Mandatorily measured at fair value through profit or loss (FVTPL)

Derivative instruments	-	-
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#### Financial risk management objectives

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



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

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

### Market risk

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

### Foreign currency risk management

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

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621  
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

### Disclosure of hedged and unhedged foreign currency exposure

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

As on March 31, 2023

Rs In Lakhs

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	10.07	-	10.07	82.15	-	82.15	72.08
Euro	436.56	-	436.56	-	-	-	(436.56)
Pound	-	-	-	4.30	-	4.30	4.30
Singapore Dollars	-	-	-	-	-	-	-
In INR (Rs. In lacs)	39,391.12	-	39,391.12	-	-	-	(39,391.12)

As on March 31, 2022

Rs In Lakhs

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	99.05	-	99.05	228.15	-	228.15	129.10
Euro	449.89	-	449.89	-	-	-	(449.89)
Pound	-	-	-	4.30	-	4.30	4.30
Singapore Dollars	-	-	-	-	-	-	-
In INR (Rs. In lacs)	46,132.28	-	46,132.28	17,183.05	-	17,183.05	(28,949.23)



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### Foreign currency sensitivity analysis

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

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

### Interest rate risk management

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

### Interest rate sensitivity analysis

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

### Credit risk management

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

### Exposure to credit risk

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

#### (a) Trade Receivables

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

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

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

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



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

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

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

### Offsetting related disclosures

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

### Liquidity risk management

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

### 36 Related party disclosures

#### (a) Name of related party and nature of relationship

##### Key management personnel

Asif Khader	Managing Director
Mueed Khader	Director
Joydeep Sarkar (till 30th November 2022)	Company Secretary
Manjunath H.	CFO

##### Other Enterprises with which promoter has significant influence

Systat Software Inc, USA  
Systat Software Asia Pacific Limited  
Systat Software GmbH, Germany  
Analytix Systems Private Limited  
Caravel Info Systems Pvt Ltd  
Proland Software Pvt Ltd  
Cranes Varsity Pvt Ltd

##### Other Enterprises which are Indirect Subsidiaries

Systat Software UK Ltd

##### Other Related Parties

Orca Infotech Private Limited  
K & J Holdings Private Limited  
K & J Telecom Private Limited  
Jansons Land & Property Development Pvt. Ltd.  
Spice Capital Fund Private Limited  
Sea Equity Enterprises Private Limited





## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### 37 Retirement benefit plans

#### Defined contribution plans

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

#### Defined benefit plans

##### (a) Gratuity

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

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

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

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

Particulars	March 31, 2023	March 31, 2022
Discount Rate	7.50% p.a	7.07% p.a
Rate of increase in compensation level	7.00% p.a	7.00% p.a
Rate of Return on Plan Assets	-	-
Attrition rate	2.00% p.a	2.00% p.a



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

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

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

	March 31, 2023 Rs. Lakhs	March 31, 2022 Rs. Lakhs
Current service cost	0.51	0.55
Net interest expense	0.53	2.20
Return on plan assets (excluding amounts included in net interest expense)	-	-
Components of defined benefit costs recognised in profit or loss	<b>1.04</b>	<b>2.74</b>
Remeasurement on the net defined benefit liability comprising: Actuarial (gains)/losses recognised during the period Actuarial (gains)/losses	(0.92)	(26.27)
Components of defined benefit costs recognised in other comprehensive income	<b>(0.92)</b>	<b>(26.27)</b>
	<b>0.12</b>	<b>(23.53)</b>

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

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

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

Present value of defined benefit obligation	-	-
Fair value of plan assets	-	-
Net liability/ (asset) arising from defined benefit obligation	-	-
Funded	-	-
Unfunded	7.64	7.52
	<b>7.64</b>	<b>7.52</b>

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

Non Current provisions (refer note 14)	19.38	36.73
Current provisions (refer note 18)	0.48	4.18
	<b>19.86</b>	<b>40.91</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

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

	March 31, 2023	March 31, 2022
Opening defined benefit obligation	7.52	31.05
Present value of obligation of subsidiary companies taken over	-	-
Current service cost	0.51	0.55
Interest cost	0.53	2.20
Actuarial (gains) /losses	(0.92)	(26.27)
Benefits paid	-	-
Others	-	-
Closing defined benefit obligation	<b>7.64</b>	<b>7.52</b>

### Sensitivity analysis

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

#### (b) Compensated absences

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

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

The design entitles the following risk

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

**NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

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

	March 31, 2023 Rs. Lakhs	March 31, 2021 Rs. Lakhs
Current service cost	0.14	0.04
Net interest expense	0.75	0.71
Return on plan assets (excluding amounts included in net interest expense)	-	-
Components of defined benefit costs recognised in profit or loss	<b>0.89</b>	<b>0.74</b>
Remeasurement on the net defined benefit liability comprising: Actuarial (gains)/losses recognised during the period	(0.74)	(5.05)
Components of defined benefit costs recognised in other comprehensive income	<b>(0.74)</b>	<b>(5.05)</b>
	<b>0.15</b>	<b>(4.30)</b>

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

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

Present value of defined benefit obligation	0.15	4.30
Fair value of plan assets	-	-
Net liability/ (asset) arising from defined benefit obligation	<b>0.15</b>	<b>4.30</b>
Funded	-	-
Unfunded	0.15	4.30
	<b>0.15</b>	<b>4.30</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023 CIN : L05190KA1984PLC031621

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

### 38 The table below provides financial ratios

Ratio/Measure	Methodology	March 31, 2023	March 31, 2022
Current ratio	Current assets over current liabilities	0.01	0.03
Debt-equity ratio	Debt over total shareholders equity	(1.02)	(1.40)
Debt service coverage ratio	EBITDA over current debt	0.15	0.03
Return on equity ratio	PAT over total average equity	0.12	0.02
Trade receivable turnover ratio	Revenue from operations over trade receivables	0.77	0.19
Trade payable turnover ratio	Adjusted expenses over trade payables	6.56	3.30
Net capital turnover ratio	Revenue from operations over working capital	(0.02)	(0.01)
Net profit ratio	Net profit over Net Sales	(15.28)	(2.56)
Return on capital employed	EBIT over capital employed	(0.15)	(0.04)

#### Notes:

EBITDA - Earnings before interest, taxes, depreciation and amortisation.

PAT - Profit after taxes.

EBIT - Earnings before interest and taxes.

Debt includes current and non-current lease liabilities.

Adjusted expenses derived from total expenses excluding depreciation and finance cost.

working capital derived from current assets in excess of current liabilities excluding borrowings.

#### Explanation for variances exceeding 25%:

- Current ratio reduced on account of unfavourable credit terms and significant cash flow problems on account of decrease in revenue from operations during the year ended March 31, 2023
- Debt Equity Ratio has Increased on account of decrease in PAT during the year ended March 31, 2023
- Debt service coverage ratio improved on account of increase in EBIT during the year ended March 31, 2023
- Return on Equity ratio Increased on account of increase in EBIT during the year ended March 31, 2023
- Trade Receivable turnover ratio Increased on account of Increase in Revenue from Operations during the year ended March 31, 2023
- Trade payable turnover ratio Increased on account of Increase in revenue from operations during the year ended March 31, 2023
- Net profit ratio reduced on account of decrease in Revenue from Operations during the year ended March 31, 2023
- Return on capital employed reduced on account of decrease in PAT during the year ended March 31, 2023

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

#### For and on behalf of the Board

**Asif Khader**  
Managing Director  
DIN : 00104893

**Mueed Khader**  
Director  
DIN : 00106674

**Apeksha Nagori**  
Company Secretary  
Membership No. A21952

**Manjunath.H**  
CFO

As per our report of even date attached  
**For M/s. Chaturvedi Sohan & Co**  
Chartered Accountants  
Firm Registration No.118424W

**Noshir Captain**  
Partner  
Membership No.009889  
UDIN : 23009889BGWUYL1594

Date: October 25, 2023  
Place: Bengaluru

**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries

Amount in Lakhs

Name of the Subsidiary Company	Systat Software GmbH	Systat Software Inc	Systat Software Asia Pacific Ltd	Caravel Info Systems Pvt. Ltd.	Analytix Systems Pvt. Ltd.	Proland Software Pvt. Ltd.	Cranes Varsity Pvt. Ltd.
Reporting Currency	EURO	USD	INR	INR	INR	INR	INR
<b>Financial period ended</b>	<b>31.3.2023</b>	<b>31.3.2023</b>	<b>31.3.2023</b>	<b>31.3.2023</b>	<b>31.3.2023</b>	<b>31.3.2023</b>	<b>31.3.2023</b>
Reporting Currency	Euro	USD	INR	INR	INR	INR	INR
Issued & Subscribed Capital	0.25	9.74	38.00	12.00	2.00	4.84	1.00
Reserves	322.23	(9,041.19)	12.44	(488.43)	5.95	(650.89)	7.17
Total Assets	511.86	680.40	51.87	551.61	9.15	28.03	632.91
Total Liabilities	511.86	680.40	51.87	551.61	9.15	28.03	632.91
Investments	-	-	-	-	-	-	-
Turnover	23.49	7.20	-	72.07	-	-	535.60
Profit/(Loss) before Tax	(52.60)	2,763.48	(0.15)	17.06	(0.15)	(0.15)	5.45
Provision for Tax	(52.60)	(2,583.30)	(0.15)	5.27	(0.15)	(0.15)	5.45
Profit/(Loss) After Tax	-	180.18	-	11.79	-	(0.15)	-
Proposed Dividend	100.00	-	100.00	100.00	100.00	100.00	100.00
% on Shareholding							

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