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Twentieth Annual Report

2004 - 2005

**TWENTIETH
ANNUAL GENERAL MEETING
of
Cressanda Solutions Limited**

On Friday, the September 30, 2005
at 4.00 p.m.

at

32, Udyog Bhavan, Sonawala Lane, Goregaon (E),
Mumbai 400 063



Request to Shareholders

1. Shareholders are requested to bring their copy of the Annual Report along with them at the Annual General Meeting, as Copies of the Report will not be distributed at the meeting.
2. The Shareholders are requested to apply for change from Physical shares to shares in electronic form (de-mat) with our Registrar and Share Transfer Agent
3. Kindly send all your transfer deeds together with share certificates for transfer of shares to our Registrar and Share Transfer Agent at the following address:

Sharepro Services

Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chkala, Andheri (E),
Mumbai 400 099.

4. Kindly notify change of your address and write to our Registrar and Share Transfer Agents in respect of any matter connected with your shares.



CRESSANDA SOLUTIONS LIMITED

BOARD OF DIRECTORS

Mr. Rahul Agarwal

*Chairman and
Managing Director*

Mr. Rohit Agarwal

Mr. Sandeep Talwar

Mr. Rohit Khaitan

Mr. Kalpesh Shah

Mr. M.N. Shenoy

COMPANY SECRETARY

Mr. Kaveesh Luthra

AUDITORS

M/s Sundeep Mohindru & Associates
Chartered Accountant

BANKERS

Hongkong & Shanghai Banking Corporation Limited, New Delhi

REGISTERED OFFICE

26/27, Khatau Building,
Alkesh Dinesh Modi Marg,
Fort, Mumbai – 400 023

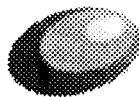
CORPORATE OFFICE

A-90, Ishan House,
1st Floor, Sector-2
Noida-201301 (U.P)



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Cressanda
SOLUTIONS

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of Cressanda Solutions Limited will be held at 32, Udyog Bhavan, Sonawala Lane, Goregaon (E), Mumbai – 400 063 on Friday, September 30, 2005 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2005 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint M/s Agarwal Sangneria & Co., Chartered Accountants, in place of M/s Sundeep Mohindru & Associates, Chartered Accountants, as Auditors of the Company to hold office from the Conclusion of this Meeting, until the Conclusion of the Next Annual General Meeting of the Company and to fix their remuneration.
3. To appoint a Director in place of Mr. Rohit Agarwal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rohit Khaitan who retires by rotation and being eligible offers himself for re-appointment.

By order of Board of Directors
for **Cressanda Solutions Ltd.**

Date: June 30, 2005

Registered Office:

26/27, Khatau Building, A.D. Modi Marg
Fort, Mumbai-400023

Kaveesh Luthra
Company Secretary

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member. The proxies to be effective should be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 21, 2005 to Friday, September 30, 2005 (both days inclusive) in connection with Annual General Meeting.
3. Members are requested to intimate to the Company, changes, if any, in their Registered Address along with PIN Code Numbers.
4. The Documents, if any, referred to in the proposed resolution are available for inspection at the Registered Office of the Company between 10.00 A.M to 1.00 P.M., except on holidays up to the date Annual General Meeting.
5. The Company, consequent upon the introduction of the Depository system (DS), entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of equity shares of the Company. Members, therefore, now have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.



DIRECTORS' REPORT

To the Members,

Your Directors hereby present the Annual Report of the Company with the Audited Statement of Accounts for the Financial Year ended March 31, 2005.

1. Financial Highlights

Rs. In Lacs

	2004-2005	2003-2004
Gross Income from Operations	432.11	488.19
Operating Profit/(Loss)	(147.99)	94.58
Depreciation	78.44	66.77
Finance Charges	12.76	3.55
Prior Period Adjustments	1.18	3.39
Profit/(Loss) before Tax	(240.37)	20.87
Provision for Tax	0.13	0.08
Profit/(Loss) after Tax	(240.50)	20.79
Profit/(Loss) brought forward	(161.17)	(181.97)
Balance carried forward to Balance Sheet	(401.67)	(161.17)

2. Operations

The year under review was not remarkable for your company. During the year, the Gross Income from Operations of the Company was Rs.432.11 Lacs and Operating Loss of Rs.147.99 Lacs. During the year the company written off its bad debts amounting to Rs.79.78 Lacs.

During the year the company has availed a term loan of Rs.105.87 Lacs to finance the cost of infrastructure expansion undertaken at the new premises in Noida, U.P. Hence the finance charges and depreciation for the year are higher when compared to the previous year

3. Dividend

The Directors have not recommended any dividend for the year.

4. Business Activity

During the year the company explored other market and was successful in procuring good projects from Australia and in acquiring new clients from USA and UK. However, company suffered a loss of revenue from few of our existing clients in the USA and UK due to unforeseeable adversities within their own businesses. Your company remains optimistic about the long term opportunities, while at the same time of dealing with the short term challenge of stabilizing and enhancing the revenue and profitability. Your company has reinforced its sales and marketing network in the USA and UK to make up for the loss of the business in these geographies. Furthermore, your company is closely monitoring the market trends and believes that its unique business model and prudent risk management practice, coupled with a strong customer references, give it a sustainable long term competitive advantage. Your company will aggressively pursue new opportunities, and will ensure adequate internal preparedness to take maximum advantage of such opportunities.



5. Management Discussion and Analysis Report

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report is appended to this report.

6. Corporate Governance

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance is attached as part of the Annual Report

7. Directors' Responsibilities

Pursuant to Section 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000 the Directors confirm that:

- 1 in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 2 the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year;
- 3 the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4 the Directors have prepared the Annual Accounts on a going concern basis.

8. Subsidiary Companies

As required by Section 212 of The Companies Act, 1956, the audited accounts of the subsidiary, M/s Cressanda Solutions, Inc., and the reports thereon of the Directors and the Auditors are attached and form a part of the Annual Report.

9. Directors

Mr. Rohit Agarwal and Mr. Rohit Khaitan retire by rotation at the forthcoming Annual General meeting and are eligible for re-appointment.

10. Auditors

The Auditors, M/s Sundeep Mohindru & Associates retire at the ensuing Annual General Meeting and have shown their unwillingness to be re-appointed as auditors of the Company.

Your directors proposed to appoint M/s Agarwal Sangneria & Co., Chartered Accountants, as Auditors of the Company, to hold office till the conclusion of the next Annual General Meeting.

The Company has obtained a written certificate from the auditors, to the effect that their appointment, if made, in the ensuing Annual General Meeting, will be in accordance with the statutory limits of the audit of the companies as per sub-section (1B) of section 224 of the Companies Act, 1956

11. Fixed Deposit

During the year under review the Company has not accepted any fixed deposits from the Public and as such no amount of principle or interest was outstanding on the date of the Balance sheet.



12. Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo

Your Company does not own any manufacturing facilities and consequently the disclosure of information on conservation of energy, technology absorption etc., required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Director's) Rules, 1988 not being applicable, is not given.

A. RESEARCH AND DEVELOPMENT

Research and Development activities by way of software development for commercial applications on turnkey basis – right from systems study, design, development to implementation and training are being undertaken on an ongoing basis. Also involving in applications for the Internet, developing portal sites, web sites, e-commerce and supply chain solution.

B. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Income from software development services and products	Rs. 3,38,87,109
(b) Expenditure in foreign currency	Rs. 14,11,193

13. Particulars of Employees

The Company has no employees during the year in respect of which the statement pursuant to sub-section (2A) of Section 217 of the Companies Act, 1956 as amended by the Companies Amendment Act, 1988 read with the Companies (Particulars of Employees) Rules, 1975, is required to be annexed.

14. Acknowledgements

Your Directors place on record their appreciation for the sincere support received from clients, vendors, dealers, business associates, investors and bankers throughout the year. Your Directors also thank all the employees, who have shown remarkable dedication and sincerity.

for and on behalf of the Board of Directors
of **Cressanda Solutions Limited**

Rahul Agarwal
Chairman & Managing Director
June 30, 2005



REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

1. Statement on Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance is to attain a high level of transparency and accountability in the functioning of the Company and in its relationship with employees, shareholders, creditors, consumers, dealers, lenders and ensuring high degree of regulatory compliances. The Company also believes that its systems and procedures will enhance corporate performance and maximize shareholder value in the long term.

2. Board of Directors

a) Composition and Category of Directors

The present board comprises of six members consisting of three executive Directors and Three Non-Executive Directors. All the non-executive Directors are also independent Directors. The name and category of each director is given below:

Name of the Directors	Category
Mr. Rahul Agarwal	Executive Director and Promoter
Mr. Rohit Agarwal	Executive Director and Promoter
Mr. Sandeep Talwar	Executive Director
Mr. Kalpesh Shah	Non-Executive and Independent Director
Mr. M.N.Shenoy	Non-Executive and Independent Director
Mr. Rohit Khaitan	Non-Executive and Independent Director

b) Attendance of each Director at the Board Meetings and the last Annual General Meeting

Name of the Directors	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance at Last AGM
Mr. Rahul Agarwal	7	7	Present
Mr. Rohit Agarwal	7	7	Absent
Mr. Sandeep Talwar	7	7	Absent
Mr. Kalpesh Shah	7	0	Present
Mr. M.N.Shenoy	7	0	Absent
Mr. Rohit Khaitan	7	5	Absent

c) Number of other Directorship and Chairmanship/Membership of Committees of each Director

Name of Director	No. of Directorships in other Companies (excl. private / Foreign companies)	No. of Chairmanship / membership in other Board Committees
Mr. Rahul Agarwal	4	Nil
Mr. Rohit Agarwal	3	Nil
Mr. Sandeep Talwar	Nil	Nil
Mr. Kalpesh Shah	Nil	Nil
Mr. M.N.Shenoy	2	Nil
Mr. Rohit Khaitan	Nil	Nil



d) Number of Board Meetings held and the dates of the Board Meetings

The gap between two board meetings did not exceed three months. Seven Board Meetings were held during the Financial Year 2004-05:

- | | |
|-----------------------|---------------------|
| 1. April 30, 2004 | 5. October 30, 2004 |
| 2. July 15, 2004 | 6. January 31, 2005 |
| 3. July 31, 2004 | 7. March 31, 2005 |
| 4. September 22, 2004 | |

3. Audit Committee

a) Terms of Reference

The terms of reference stipulated by the Board to the Audit Committee and as contained under Clause 49 of the Listing Agreement, are as follows:

A. *Powers of Audit Committee:*

- To investigate any activity within its terms of reference
- To seek information from any employee
- To obtain outside legal or other professional advice
- To secure attendance of outsiders with relevant expertise, if it considers necessary

B. *Role of Audit Committee:*

- Reviewing with the management, the Periodic Financial Statements before submission to the Board
- Overseeing the Company's financial reporting and public disclosure processes to ensure that financial statements are correct, sufficient and credible.
- Recommending the appointment and termination of services of external and internal auditors, making recommendations on fee levels and determining the fees payable for any other services.
- Reviewing the efficacy of internal control mechanism and the risk management policies of the Company, including the scope and structure of the internal audit function.

b) Composition

Audit Committee comprises of following three directors of which two of them are Independent Directors and one of them being chairman of the Committee The Company Secretary of the Company acts as the Secretary to the Audit Committee.

Mr. M.N. Shenoy - Chairman
 Mr. Kalpesh Shah
 Mr. Rahul Agarwal

c) Meetings and Attendance during the year.

Members	Meetings Held	Meetings Attended
Mr. M.N.Shenoy	4	4
Mr. Kalpesh Shah	4	4
Mr. Rahul Agarwal	4	4

4. Compensation Committee

a) Terms of Reference

The terms of reference stipulated by the Board to the Compensation Committee are as follows:

The Functions of the Committee are:

- Review and determine the compensation and benefits for the senior management.
- Review the ESOP and ESOS
- Review the grant of issuer of options in the line with the Company policy guidelines.