



Cressanda Solutions Limited
Twenty First Annual Report
2005 - 2006

TWENTY FIRST
ANNUAL GENERAL MEETING
of
CRESSANDA SOLUTIONS LIMITED

On Saturday, the September 30, 2006
at 3.00 p.m.

at

32, Udyog Bhavan, Sonawala Lane, Goregoan (E),
Mumbai 400063

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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 LIM'TED

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. Hemant Kumar Singh

AUDITORS

M/s Agarwal Sangneria & Co.,
Chartered Accountant

BANKERS

Hongkong & Shanghai Banking Corporation, 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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NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of Cressanda Solutions Limited will be held at 32, Udyog Bhavan, Sonawala Lane, Goregaon (E), Mumbai 400063, at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2006 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 Sangarneria & Co., 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. Rahul Agarwal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. M.N. Shenoy who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modification(s), the following resolution:

5. As an Ordinary Resolutions

"RESOLVED THAT Mr. Anurag Kumar who was appointed by Board of Directors as an Additional Director, with effect from July 31, 2006 and who by virtue of the provisions of Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing proposing his candidature for office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. As a Ordinary Resolutions

"RESOLVED THAT subject to the approval of the Central Government and in accordance with the provisions of Sections 198, 269, 309, and 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 approval of members of the Company be and is hereby accorded to the appointment of Mr. Anurag Kumar as Managing Director for the period August 1, 2006 to May 31, 2009 at the remuneration and other terms and conditions as contained in the agreement (a draft of which is laid on table and for the purpose of identification initialed by the chairman hereof) and that the Directors be authorized to alter and vary the terms and conditions of the said appointment without increasing the remuneration mentioned therein and in such manner as may be directed by the Central Government.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary, proper or expedient to give effect to this resolution."

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

Date: August 21, 2006

Registered Office:

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

Hemant Kumar Singh
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 Thursday, September 21, 2006 to Saturday, September 30, 2006 (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 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.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item 5**

Mr. Anurag Kumar was appointed as an additional director of the company effective from the date mentioned in the resolution, pursuant to the Articles of Association of the Company and Section 260 of the Companies Act, 1956. The Company has received a notice under Section 257(2) proposing his candidature for the office of Director at this Annual General Meeting. The Board recommends his appointment as Director of the Company.

Mr. Anurag Kumar holds degrees from the Indian Institute of Technology in Delhi (BS, Electrical Engineering), Wayne State University (MS, Computer Science), and Broad School of Business, Michigan State University (MBA). Mr. Anurag Kumar is also very active with TIE, a global organization for entrepreneurs and executives, and serves as the President of TIE-Austin.

None of the Directors is concerned or interested in the resolution at Item no. 5.

Item 6

Mr. Anurag Kumar was appointed as an Additional Director of the Company at the Board Meeting held on 31st July 2006. He was also appointed as Managing Director in the same Board Meeting subject to the approval of the Central Government and Members in General Meeting. Now it is proposed to obtain the consent of members of the Company through this resolution.

Mr. Anurag Kumar brings more than 24 years of experience as an executive, consultant and an entrepreneur. He comes from Connectione, which he had founded and run since 2001. Previously he was the founder/CEO of Mediaprise, a venture-backed software company. He spent nine years as a senior manager with the outsourcing division (Managed Operations) at IBM Global Services. Before IBM, Anurag was the founder of two IT services companies in Michigan and also worked with KPMG. He started his career as a consultant with the Tata Group of Companies.

Thus Mr. Anurag Kumar is a highly qualified person having degrees in the field of operation relating to the Company's business. The Board hopes that the Company will be greatly benefited by his services so much valuable for the Company's operations and smooth running. Mr. Anurag Kumar is not only technically qualified

**Cressanda
SOLUTIONS**

but his expertise in the field of business in which your Company is engaged in, will not only add to the enhancement of the business opportunities of your Company but will also enhance the profits of your Company.

The material terms and conditions of appointment of Mr. Anurag Kumar as contained in the Agreement as referred to above are given hereunder:

- | | | |
|----|----------------|--|
| 1. | Period - | August 1, 2006 to May 31, 2009 |
| 2. | Remuneration - | Nil from Cressanda Solutions Limited. |
| 3. | other terms - | Entitled to holidays and casual leave, sick leave and privilege leave as per company's policy as applicable from time to time. |

None of the Director of the Company is concerned or interested in the aforesaid resolution and your Board recommends your accord to the proposal in the interest of the company.

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

Date: August 21, 2006

Registered Office:

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

Hemant Kumar Singh
Company Secretary



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, 2006.

1. Financial Highlights

	Rs.In Lacs	
	2005-2006	2004-2005
Gross Income from Operations	377.01	432.11
Operating Profit/(Loss)	(118.56)	(147.99)
Depreciation	71.82	78.44
Finance Charges	10.57	12.76
Prior Period Adjustments	2.03	1.18
Profit/(Loss) before Tax	(202.98)	(240.37)
Provision for Tax	2.79	0.13
Profit/(Loss) after Tax	(205.77)	(240.50)
Liability no longer required written back	4.99	—
Excess Provision for taxation written back	0.07	—
TDS & Advance tax adjusted for earlier years	1.95	—
Profit/(Loss) brought forward	(401.67)	(161.17)
Balance carried forward to Balance Sheet	(604.33)	(401.67)

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. 377.01 Lacs and Operating Loss of Rs. 118.56 Lacs. During the year the company written off its bad debts and balances amounting to Rs. 5.68 Lacs and Rs. 4.71 Lacs respectively.

3. Dividend

The Directors have not recommended any dividend for the year.

4. Business Activity

During the year the company explored various markets abroad and was successful in procuring some lucrative projects and in building a good relationship with new customers. However, company suffered a loss of revenue from few of our clients due to unforeseeable adversities within their own business. Your company remains optimistic about the long term opportunities while at the same time meeting the short term challenge of stabilizing and enhancing the revenue and profitability. Your company responded to the challenge by focusing on customer requirements and by building an efficient sales engine. Your company is closely monitoring the market situation, and believes that its unique business model and prudent risk management practice, coupled with a strong customer base and deep client relationship, 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' Responsibility

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 Company

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. Rahul Agarwal and Mr. M.N. Shenoy retire by rotation at the forthcoming Annual General meeting and are eligible for re-appointment.

10. Auditors

The Auditors, M/s Agarwal Sangneria & Co., Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. 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, and 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. 2,75,90,871
(b)	Expenditure in foreign currency	6,72,462

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.

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

Rahul Agarwal
Chairman & Managing Director

Date: June 30, 2006