

Cressanda
SOLUTIONS

Cressanda Solutions Limited

Twenty Third Annual Report
2007-2008

**TWENTY THIRD
ANNUAL GENERAL MEETING
of
CRESSANDA SOLUTIONS LIMITED**

On Monday, September 29, 2008
at 4.00 p.m.

at

Plot No. 102 & 103, Arihant Building, 15th Road, Khar (West)
Mumbai – 400 052

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,
Chakala, 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	Managing Director
	Mr. Sandeep Talwar	Deputy Managing Director
	Mr. Rohit Agarwal	Director
	Mr. Rohit Khaitan	Director
	Mr. M.N. Shenoy	Director
COMPANY SECRETARY	Mr. Ajay Kaushik	
AUDITORS	M/s Agarwal Sangarneria & Co., Chartered Accountant	
BANKERS	CitiBank, New Delhi ICICI Bank, New Delhi	
REGISTERED OFFICE	26/27, Khatau Building, Alkesh Dinesh Modi Marg, Fort, Mumbai – 400 023	
CORPORATE OFFICE	A-90, Ishaan House, 1st Floor, Sector-2 Noida-201301 (U.P)	



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NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of Cressanda Solutions Limited will be held at Plot No. 102 & 103, Arihant Building, 15th Road, Khar (West), Mumbai-400052 on Monday, the 29th day of September, 2008 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, 2008 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 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.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT subject to the approval of the Reserve Bank of India and/or Central Government under the Foreign Exchange Management Act, 1999, Foreign Exchange Management (Transfer or issue of Securities by a person Resident outside India) Regulations, 2000 (including any statutory modification(s) or re enactments thereof for the time being in force) and subject to such other approvals, permissions and sanctions as may be considered necessary from SEBI and subject to the applicable provisions, if any, of the Companies Act, 1956, and subject to such conditions as may be prescribed by any of the authorities concerned while granting such approvals/permissions/sanctions, which the Board of Directors of the Company (hereinafter referred to as "the Board") be and is hereby authorized to accept, the consent, authority and approval of the Company be and is hereby accorded to the Board to allow Foreign Institutional Investors (FIIs), Non Resident Indians (NRIs), persons of Indian Origin (PIOs) to acquire Shares/ Debentures of the Company through Stock Exchanges in India under Portfolio Investment Scheme up to 24%, and/or in accordance with other permissible modes subject to the conditions laid down under the various provisions of the Master Circular No.02/2008-09 dated 1st July 2008 on Foreign Investment in India, issued by Reserve Bank of India, Foreign Exchange Department, Central Office, Bombay.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and to execute all such documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental or ancillary thereto."

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

Date: September 4, 2008
Registered Office
26/27, Khatau Building, A.D. Modi Marg
Fort, Mumbai-400023

Ajay Kaushik
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/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 25, 2008 to Monday, September 29, 2008 (both days inclusive) in connection with Annual General Meeting.
4. Members are requested to intimate to the Company, changes, if any, in their Registered Address along with PIN Code Numbers.
5. 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.
6. 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 NO. 5

Pursuant to the provisions of Regulations 5 (2), 5 (3) read with Schedules 2 and 3 of the Foreign Exchange Management (Transfer or Issue of Securities by a person Resident Outside India) Regulations, 2000; notification no. FEMA 20/2000-RB dated 3rd May 2000 (as amended from time to time) and as per the RBI Master Circular no. 02/2008-09 dated 1st July 2008 ; shareholders approval in the General Meeting is sought for increasing the investment limit of NRIs/OCBs up to 24% of the total paid up equity capital of the company. Due to globalization various NRIs/FIIs are keen on investing in Indian companies and the company also has received interested queries from such NRI investors in recent past therefore shareholders approval is being sought for increasing the NRI investment limit..

None of the directors 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: September 4, 2008
Registered Office
26/27, Khatau Building, A.D. Modi Marg
Fort, Mumbai-400023

Ajay Kausik
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, 2008.

1. Financial Highlights

	Rs. In Lacs	
	2007-2008	2006-2007
Gross Income from Operations	543.30	555.46
Operating Profit/(Loss)	97.69	55.77
Depreciation	70.59	75.10
Finance Charges	5.94	9.50
Prior Period Adjustments	0.59	0.17
Profit/(Loss) before Tax	20.56	(29.00)
Provision for Tax	1.72	2.43
Profit/(Loss) after Tax	18.84	(31.44)
Provision for Gratuity written back	8.05	0.00
TDS & Advance tax adjusted for earlier years	0.00	0.41
Profit/(Loss) brought forward	(636.18)	(604.33)
Balance carried forward to Balance Sheet	(609.27)	(636.18)

2. Operations

The year under review was significant for your company. The Gross Income from Operations of the Company was Rs. 543.30 Lacs and Operating Profit of Rs.97.69 Lacs as against the operating profit of Rs. 55.77 Lacs in the previous year. During the year the company written off its bad debts amounting to Rs. 37.05 Lacs.

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. 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 Exchange, 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 Exchange, 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 Financial statements of the subsidiary, M/s Cressanda Solutions, Inc., along with the Independent Auditors' report and schedules thereon are attached and form a part of the Annual Report.

9. Consolidated Financial Statement

As required under Accounting Standards AS-21, AS-23 and AS-27 issued by the Institute of Chartered Accountants of India, the consolidated financial statements have been prepared on the basis of the financial statements of the company and its subsidiary.

10. Directors

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

11. 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

12. 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.

13. 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. 4,23,55,950
(b) Expenditure in foreign currency	Rs. 6, 06,743

14. 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.

15. Acknowledgements

Your Directors wish to place on record the sincere and dedicated efforts of all the members of the Company's team, which has made it possible to achieve significant growth. Your directors also take this opportunity to offer their sincere thanks to the clients, vendors, dealers, business associates, investors and bankers for their continued support throughout the year.

The employees of your Company continue to display their unstinted devotion, co-operation and commitment in pursuit of excellence. Your directors take this opportunity to record their appreciation of the dedicated work and contribution made by everyone of Cressanda Family enabling the company to realize its corporate objective.

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

Rahul Agarwal
Managing Director

Date: June 30, 2008

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. Company's Philosophy on Corporate 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	6	6	Present
Mr. Rohit Agarwal	6	6	Absent
Mr. Sandeep Talwar	6	6	Absent
Mr. Kalpesh Shah	6	0	Absent
Mr. M.N.Shenoy	6	0	Present
Mr. Rohit Khaitan	6	0	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	Nil	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. Six Board Meetings were held during the Financial Year 2007-08:

- | | |
|------------------|---------------------|
| 1. June 30, 2007 | 4. October 06, 2007 |
| 2. July 16, 2007 | 5. October 31, 2007 |
| 3. July 31, 2007 | 6. January 31, 2008 |

e) Board Procedures

The members of the Board have been provided with the requisite information in the listing agreement and none of the Directors are disqualified for appointment as director under any of the provisions of Companies Act, 1956.

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:*

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

B. *Role of Audit Committee:*

The role and terms of reference of the Audit Committee covers the matters specified under Clause 49 of the Listing Agreement with the Stock exchange, section 292A of the Companies Act, 1956, other terms which may be referred by the Board of Directors and inter alia includes the following:

- Overseeing the Company's financial reporting and public disclosure processes to ensure that financial statements are correct, sufficient and credible.
- Recommending to the Board the appointment, re appointment and if required, the replacement or removal of the statutory Auditor and the fixation of Audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by the statutory auditors.
- Reviewing with the management the annual financial statements before submission to the Board for approval, with particular reference to :
 - a) Matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (2AA) of section 217 of Companies Act, 1956.
 - b) Major accounting entries involving estimates based on the exercise of judgment by the management.
- Reviewing with the management the quarterly financial statements before submission to the Board for approval.

b) Composition

The present Audit Committee comprises of following three directors, majority 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. Rahul Agarwal

Mr. Rohit Khaitan



c) Meetings and Attendance during the year.

Members	Meetings Held	Meetings Attended
Mr. M.N.Shenoy	5	5
Mr. Rohit Khaitan	5	5
Mr. Rahul Agarwal	5	5

4. **Remuneration Committee**

a) Terms of Reference

The Board has constituted a Remuneration Committee. The committee has been constituted to review and approve the annual salaries, commission, service agreement and other employment conditions for the executive directors.

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in accordance with the existing industry practice.

b) Composition

Compensation 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 Compensation 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

d) Remuneration to the Directors:

Name of the Director	Amount (In Rs.)
Mr. Sandeep Talwar	8,85,600

5. **SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**

a) Terms of Reference

The Investor's Grievance Committee has been constituted to deal with the redressal of investors' complaint relating to transfer of shares, non-receipt of balance sheet etc. The Board has also adopted code of internal procedures and conduct for prevention of Insider Trading in the shares of the company, pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended. The Board has designated Mr. Ajay Kaushik, Company secretary as the compliance officer for this purpose and has authorized this committee to monitor the compliances as required under the aforesaid regulations. There were no pending shareholders complaints during the year nor there was any complaint which was not solved.

b) Composition

Shareholders' Grievance Committee comprises of following three directors of which two of them are Independent Directors and one of them being chairman of the Committee

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

6. General Body Meetings

a) Location and time, where last three AGMs were held

Location	Date	Time
Plot No. 102 & 103, Arihant Building, 15th Road, Khar (West) Mumbai 400 052	September 29, 2007	4:00 p.m.
32-Udyog Bhawan, Sonawala Lane, Goregoan (E), Mumbai-400063	September 30, 2006	3.00 p.m.
32-Udyog Bhawan, Sonawala Lane, Goregoan (E), Mumbai-400063	September 30, 2005	4.00 p.m.

b) Whether any Special Resolution

- | | |
|--|------|
| A. Passed in last three AGMs | No |
| B. Whether put through postal ballot last year | No |
| C. Details of voting pattern adopted in last AGM | N.A. |
| D. Person who conducted the postal ballot exercise in Last AGM | N.A. |
| E. Are proposed to be conducted through Postal Ballot | No |
| F. Procedure for postal ballot | N.A. |

7. Disclosures

- a) Disclosure on materially significant related party transactions, i.e., transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. - NONE
- b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years- NONE
- c) Whistle Blower Policy
The company encourages an open door policy where employees have access to the Head of Business/Function. Any instances of the non adherence to the code of conduct of the company and any other observed unethical behavior is to be brought to the attention of the immediate reporting authority, who is required to report the same to the Head of the Corporate Human Resources. It is hereby affirmed that no personnel has been denied access to the Audit committee.
- d) The company has complied with all the mandatory requirements of the revised clause 49 of the listing agreement, which came into effect from 1st January 2006. Further, the company has also complied with the non mandatory requirements relating to constitution of Remuneration Committee and establishing the Whistle blower policy.

8. Means of Communication

- | | |
|--|--|
| a) Quarterly results | Newspaper |
| b) Newspapers wherein results
Normally published in | Financial Express (English),
Mumbai Lakshyadeep (Marathi) |
| c) Website of the company | www.cressanda.com |

Corporate Filing and Dissemination System

Pursuant to Clause 52 of the Listing Agreement with the stock exchange, the company's Quarterly results, shareholding pattern and other information may be accessed through the web portal www.corpfiling.co.in



9. General Shareholders Information

AGM:

Date	Time	Venue
29th September, 2008	4:00 P.M.	Plot No. 102 & 103, Arihant Building, 15th Road, Khar (West), Mumbai-400052

Financial Year
2007-2008

Date Of Book Closure

Thursday, September 25, 2008 to Monday, September 29, 2008 (both days inclusive)

Listing On Stock Exchange

Shares of the company are listed on the Bombay Stock Exchange Limited. Listing fees for the year 2008-09 has been paid to the stock exchange within stipulated time.

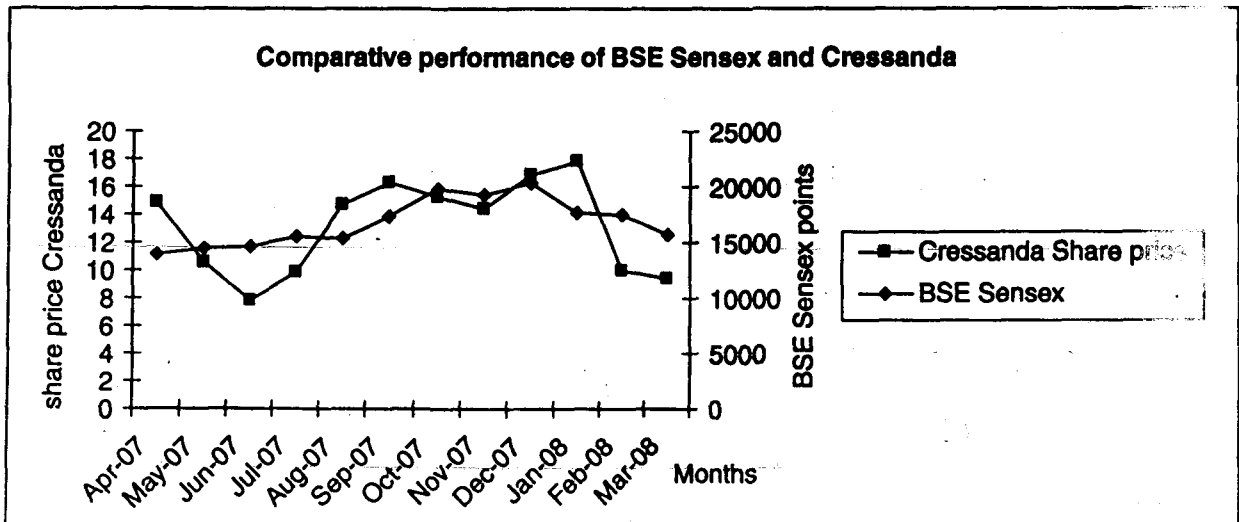
Stock Code

Bombay Stock Exchange: 512379

Market Price Data

Monthly High, Low and Closing prices during each month of the FY 2007-08

Month	High	Low	Closing	Volume (In Rupees)
April 2007	14.95	7.00	14.90	6,70,341
May 2007	15.64	10.55	10.55	1,17,234
June 2007	10.55	7.84	7.84	12,157
July 2007	9.80	7.20	9.80	18,784
August 2007	15.43	10.15	14.70	5,33,759
September 2007	16.53	14.27	16.27	3,09,044
October 2007	19.60	15.35	15.35	62,684
November 2007	15.75	13.85	14.50	35,357
December 2007	16.90	12.50	16.90	1,99,704
January 2008	22.45	17.00	17.90	27,58,201
February 2008	17.05	9.60	10.00	28,93,915
March 2008	11.00	9.50	9.50	1,05,208



Distribution of Shareholdings by Number of Shares Held as on 31st March 2008

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Up to 5000	280	92.105	208565	2.317
5001 to 10000	6	1.974	50493	0.561
10001 to 20000	3	0.987	43597	0.484
20001 to 30000	2	0.658	47500	0.528
30001 to 40000	1	0.329	36100	0.401
40001 to 50000	1	0.329	50000	0.556
50001 to 100000	1	0.329	100000	1.111
100001 and above	10	3.289	8463745	94.042
Total	304	100	9000000	100

Distribution of Shareholding Category Wise as on 31st March 2008

S. No.	Category	No. of Shares Held	% of Shareholding
Promoters and Promoters Group			
1.	Individuals	6051700	67.24
2.	Bodies Corporate	123700	1.37
Public			
1.	Individuals	2413422	26.82
2.	Bodies Corporate	411178	4.57
	Total	9000000	100

Dematerialisation of Shares

8900670 equity shares which constitute 98.89% of the equity share capital of the company are in dematerialized form.

Registrar and Transfer Agents

Sharepro Services
 Satam Estate, 3rd floor, Above Bank of Baroda,
 Cardinal Gracious Road,
 Chakla, Andheri (E),
 Mumbai- 400 099

Investors Correspondence may be Addressed to:

Mr. Ajay Kaushik, Company Secretary
 A-90, Ishaan House, Sector-2,
 NOIDA. (U. P.) -201 301.

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

Place: NOIDA

Date: June 30, 2008

Sanjeev Talwar
 Director

Rahul Agarwal
 Managing Director

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the members,
Cressanda Solutions Limited

We have examined the Compliance of the Conditions of Corporate Governance by Cressanda Solutions Limited for the year ended March 31, 2008 as stipulated in Clause 49 of the listing agreement of the said Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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 our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

As required by the Guidance Notes issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company as on March 31, 2008 there were no investor's grievances remaining unattended /pending for more than 30 days.

We 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.

For Agarwal Sangneria & Co.
Chartered Accountants

(Pawan Kr. Agarwal)
Partner

C A. Membership. No. 053496

Place: Camp Noida.
Date: June 30, 2008

CEO/CFO CERTIFICATION

I, Rahul Agarwal, Managing Director, certify that:

- a) I have reviewed the financial statements and cash flow statement for the year ended 31st March, 2008 and to the best of my knowledge and belief:
- 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 existing Accounting Standards, applicable laws and regulations.
- b) to the best of my knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2008 are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) I accept the responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of the internal control system of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
 - i) There has not been any significant changes in the internal control over financial reporting during the year under reference;
 - ii) There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii) I am not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place : NOIDA
June 30,2008

Rahul Agarwal
Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

Cressanda Solutions offers a host of Information Technology, Software Development, Digital Media and IT Enabled services. The company enables revenue growth, productivity improvement and cost reduction by leveraging cutting edge technology to enhance the quality, context and flow of information between clients and their key constituents. We are an organization driven by ideas and creativity. An organization where creative insights and strategic know-how are used to solve software and communication needs of our clients. The Company's edge lies in its ability to offer an integrated approach to address clients' needs to operate efficiently as well as to communicate and serve customers effectively. It helps align the IT infrastructure and processes within the organization to gain operational efficiencies. The Company executes creative campaigns using the digital media to drive business goals and also lend process support to help curtail costs and drive profitability. Thus, the Company is a full service organization offering a unique integration of strategy, technology and creative implementation geared for measurable impact on our clients' business performance.

Industry Structure and Developments

Global trade in services has entered a new era, with the growing and widespread acceptance of the IT based global delivery model. International bandwidth and powerful workflow management IT software and services sector today is more easily penetrating into the fabrics of the society than ever before. It is now possible to disaggregate any business process, execute the sub-processes in multiple centers around the world, and reassemble it, in near-real time, at another location. India has already registered its mark on the globe in ITES-BPO sector. These developments are driving fundamental changes in the global IT services scenario. Vendors and customers are redefining the levels of value creation in the industry. Keeping pace with the global advances in technology applications, India's Information Technology (IT) and IT-enabled services (ITES-BPO) continue to chart remarkable growth.

India offers a unique combination of attributes that have established it as the preferred offshore destination for IT-BPO. Over the last seven to eight years, India's share in global outsourcing is estimated to have grown significantly in leaps and bounds. The visibly higher preference for India is driven by its unmatched superiority when measured across a range of parameters that determine the attractiveness of an outsourcing location. The outlook for Indian IT-BPO remains bright, and the sector well on track to achieve its aspired target. Key factors underlying this optimism include the growing impact of technological innovation, leading the increasing demand for global outsourcing and the gradually evolving socio-political attitudes towards Globalization.

Cressanda has extensive experience in managing technology projects, end-to-end right from selecting tools and platforms to implementing information technology solutions. New Media can truly be credited with ushering in the communication revolution. And we, at Cressanda Solutions, have contributed to this revolution right from the start. Our new media solutions ranging from web and multimedia services to virtual reality and e-learning solutions have empowered companies to communicate with their stakeholders with increasing ease and effectiveness. Whether the need is to sell, inform or teach, our new media solutions are primed to yield bottom line results. Our IT Enabled Services division offers an array of consolidated Data Management and Managed services.

Opportunities and Threats

The software segment will continue to show robust growth. There are lots of opportunities in the Market to be tapped by the domestic IT Companies. The general trend towards off shoring IT services is on an upswing, among all global customers, which is a positive sign for the IT industry. More technology, R & D and testing outsourcing have come to India & will continue to be on the rise in the coming quarters.

The priorities of the industry are changing, concentrating more on re-organization of operations, development of new markets and marketing techniques, giving the organization's vision a global outlook and retaining and building upon customer relationships. The company's business focus is primarily upon the US and UK market. Our service philosophy is based on customized services, which are solely dependent on individual customer requirement, with the use of latest technology. Your Company's business model focuses on entering into strategic relationship with its customers and meeting their business needs by offering value added services through its vast area of operations,

expertise, and experience. We believe that the principal competitive factors in our business include the ability to effectively integrate onsite and offshore execution capabilities to deliver seamless, scalable, cost-effective services; increase scale and breadth of service offerings to provide one-stop solutions, provide industry expertise to clients' business solutions, attract and retain high quality technology professionals; and maintain financial strength to make strategic investments in human resources and physical infrastructure through business cycles. We believe we compete favorably with respect to these factors.

Cressanda foresees strong opportunities in the area of .Net, ASP & Java as it has the core competencies into the same. Our core competencies help companies acquire competitive advantages by quickly understanding and documenting business requirements in a way that facilitates solution design, choosing tools that solve today's problems and anticipate tomorrow's, establishing appropriate development processes and working with organizations to adopt them, making effective user-centered design practices a key part of the development process and Managing large, low cost, off-site and on-shore development teams. Cressanda has the good opportunity of having excellent client references in the domestic market. Increased government spending in IT sector, especially in the newly formed states and Union Territories, a big opportunity for Cressanda; as the Company has delivered its excellent services in the area of IT to governmental agencies.

Cressanda as small and medium sized IT firm is facing many threat from the competitive firms and free lancers. The company has to retain the talents available and has to keep its pace with changing technology. The following are significant threats to the company's business:

a) Competition in the Market

The Company operates in the global markets. As a medium sized IT firm, competitive pressures are obvious. Company has to keep a close eye on market competition and has to evaluate its strengths in core area of competencies.

b) Talent Retention

Company has to ensure that the people working for it who constitute its major competitive advantages continue to contribute productively to its business. Company has always maintained excellent work environment and competitive remuneration packages for this purpose.

c) Fast Changing Technology

The Company has to ensure that it constantly updates and upgrades its technology so as to be on par with the competitors. The availability of expertise in fast changing technology is one of the major threats.

d) Trade restrictions

Many countries are closely keeping an eye on the outsourcing of IT enabled services to India, since it is causing public debate in those countries. This is resulting in restrictions in various forms to restrict the flow of business to India.

Internal Control Systems and their Adequacies

The Company has an effective system of accounting and administrative controls which ensures that all assets are safeguarded and protected against loss against unauthorized use or disposition. The Company has a well-defined organization structure with clear functional authority limits for approval of all transactions.

Risks and Concerns

The Management cautions readers that the risks outlined below are not exhaustive, are for information purposes only, and may contain forward looking statements the results of which may differ materially from those reflected. Investors are requested to exercise their own judgment in assessing various risks associated with the Company.

The essence of risk management lies in maximizing areas of control over outcome and minimizing areas where the Company has no control over outcome. In spite of the challenging business conditions that led to a fall in revenues and profitability, efforts of the Company are on to monitor the risks faced by it constantly, and take quick corrective actions. Risk management is an integral part of the charter of the Board of Directors at the Company. The Board is responsible for monitoring risk levels on various parameters and suggesting measures to address the same. Formal reporting and control mechanisms ensure timely information availability and facilitate proactive risk management.



The following risks are identified by the Company and it monitors parameters corresponding to them on a regular basis.

- a) Business risks
 - Client risks
 - Client concentration
 - Geographical concentration
 - Competition
- b) Risks associated with the delivery
 - Execution risks
 - Disaster prevention and recovery
 - Technological obsolescence
 - Fixed price contracts
 - Dependence on skilled personnel and wage inflation
- c) Financial risks
 - Foreign currency rate fluctuations
 - Interest rate fluctuations
 - Potential liability to customers, risks exceeding insurance coverage
- d) Legal and statutory risks
 - Contractual liabilities
 - Statutory compliance
- e) Political Risks
 - Visa regulations/restrictions

Manpower Analysis

The Company's sales force predominantly consists of people that have experience of selling IT services to enterprises. The company endeavors to hire the strong work force with good qualification and rich experience. The company also gives chance to fresh professionals by grooming them for the best of the industry. The work force also has the people above forty years of age to utilize their diversified experience and to set standards for the fresh professionals.

Analysis of Performance During The Year Ended March 31, 2008

Particulars	(Rs. In Lacs)		
	FY 2007-08	FY 2006-07	Increase / (Decrease)
Operating Revenue	700.78	678.12	22.66
Direct Costs (Salaries)	344.96	445.02	(100.06)
Gross Profit/(Loss)	355.82	233.10	122.72
Operating Expenditure	289.92	230.82	59.10
Bad Debts	53.52	4.00	49.52
Other Income	35.68	26.87	8.81
Depreciation	72.44	77.27	(4.83)
Profit/(Loss) Before Tax	23.19	(57.94)	81.13
Extraordinary Items	0.59	0.17	0.42
Provision for Tax	1.72	2.43	(0.71)
Profit/(Loss) After Tax	18.36	(49.17)	67.53

Operating Revenue

The company performed quite satisfactorily and generated profits during the financial year 2007-08 due to the concerted efforts of the employees and management. Due to these efforts, the revenue increased by 3.34% as compared to the previous financial year 2006-07.

Direct Costs

The key player in an Information Technology (IT) Industry is the human mind and which has resulted in opening a wide area of employment. The employee turnover in IT sector is quite high and also during the year the strength of employees reduced significantly. Therefore the personnel expenses have decreased by 22.48% as compared to the previous financial year 2006-07.

Bad Debts

During the financial year 2007-08, the company has written off Rs. 53.52 lacs as bad debts as compared to Rs. 4.00 lacs during the previous financial year 2006-07.

Profit & Loss

The Company has generated profit during the financial year 2007-08 as compared to the losses incurred during previous financial years by exploring new markets globally, building new client relationship, lowering the cost of operations and following vigilant management policy.

Financial Condition

Sources of Funds

- The Share capital of the Company remained the same as was in the previous financial year.
- The Unsecured Loans of the Company have decreased during the year.

Application of Funds

- The sundry debtors decreased by Rs. 103.03 lacs during the financial year 2007-08 as compared to the previous financial year 2006-07
- Cash & Bank Balances represents funds maintained at India & U.S. offices in Indian Rupees & US Dollars. These funds are converted into Indian rupees on the basis of the beneficial movement in foreign exchange rates and in line with statutory requirements.
- Loans and advances Increased by Rs. 15.73 lacs.
- Liabilities of the company decreased by Rs. ~~53.21 lacs~~

Segmentwise / Product Wise Performance

The Company has only one Business Segment i.e. information technology services or software development consultancy services. But, it has earned income from various Geographical Segments i.e. from India, USA and UK. The details of revenue by Geographical Segment are as follows:

Geographical Segment	Revenue (Rs.)
India	84,06,239
UK	2,48,58,351
USA	1,74,97,598
Revenue from Operations (Total)	5,07,62,188

Management's Responsibility Statement

The management is responsible for preparing the Company's consolidated financial statements and related information that appear in this Annual Report. The management believes that these financial statements fairly reflect the form and substance of transactions, and reasonably represent the Company's financial condition and results of operations in conformity with Indian Generally Accepted Accounting Principles.

Outlook

We seek to further strengthen our position as a technology services company by successfully differentiating our service offerings and increasing the scale of our operations. To achieve these goals, we seek to increase business from existing and new clients. Our goal is to build enduring relationships with both existing and new clients. With existing clients, we aim to expand the nature and scope of our engagements by increasing the size and number of projects and extending the breadth of our service offerings. For new clients, we seek to provide value-added solutions by leveraging our in-depth industry expertise and expanding the breadth of services offered to them beyond those in the initial engagement. We manage engagements by educating clients about the offshore model, taking on smaller projects to minimize client risk and demonstrating our superior execution capabilities. We plan to increase our recurring business with clients by providing software re-engineering, maintenance, infrastructure management and business process management services, which are long-term in nature and require frequent client contact.

The Company will continue to leverage its technical expertise as it seeks business from software product companies in the international market. Also, the Company has initiated in providing software solutions to certain vertical markets.

Cautionary Note

The statements in the Directors' and Management Discussion and Analysis Report describing the Company's projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since the Company's operations are influenced by many external and internal factors beyond the control of the Company.

AUDITORS' REPORT

To the Members,
Cressanda Solutions Limited

We have audited the attached Balance Sheet of CRESSANDA SOLUTIONS LIMITED, as at March 31, 2008, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- a) We have 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 appears from our examinations of those books;
- c) The Balance Sheet, profit and Loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors, as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of the affairs of the Company as at March 31, 2008;
 - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Agarwal Sanganerla & Co.
Chartered Accountants

(Pawan Kumar Agarwal)
Partner

C.A. Membership No. 053496

Place: Camp Noida
Date: June 30, 2008



ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in the Auditor's Report to the members of Cressanda Solutions Ltd. for the year ended 31st March, 2008. We report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 (b) Physical verification of major assets was conducted by the management during the year which in our opinion is reasonable having regards to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 (c) During the year, the Company has not disposed off substantial part of fixed assets and therefore do not affect the going concern assumption.
2. The Company is a service company, primarily rendering information technology services. Accordingly it does not hold any physical inventories. Thus paragraph 4(ii) of the Companies (Auditor's Report, Order 2003. ('The Order') is not applicable.
3. a) The Company has neither granted nor taken any loans, secured or unsecured to or from Companies, Firms and other parties listed in the register maintained under section 301 of the Act, 1956 except the following transactions.
The details of transaction during the year and outstanding balance as on the balance sheet date is given below:

Particulars	Transaction During the year	Balance as on March 31, 2008
Global Fintech Private Limited	38,03,598	55,72,667 (Credit)
Icon Nteractive Pvt Ltd.Co.	40,000	12,31,110 (Credit)
Ecom Concept India Pvt Ltd	-	39,16,219 (Debit)
Mr. Rohit Agarwal (Loan)	12,00,000	8,46,643(Credit)
MrRahu Agarwal(Loan)	11,73,620	NIL
Ishi CSL Info systems Pvt . Ltd.(Loan)	10,00,000	10,00,000(Debit)
Plus investment Pvt.Ltd.	40,000	4,60,000 (Credit)

- b) According to the information and explanations given to us, the rate of interest and other terms and conditions of loans given or taken by the Company are not prima facie prejudicial to the interest of the Company.
- c) The Company as well as parties are regular in repayment of the principal amount including interest.
4. In our opinion and according to the information and explanations given to us, there is adequate internal controlsystem commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and the sale of services. The activities of the Company do not involve purchase of inventories and sale of goods. The management of the company has identified the areas where internal control needs further improvement so as to commensurate with the size and nature of the business;
5. (a) Based on the audit procedures applied by us and according to the information and explanations given to us the transactions that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956 has been entered;
 (b) The transaction entered into the register in pursuance of section 301 of the Companies Act, 1956 have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable to the Company.
7. In our opinion, the Company has an internal audit system which is commensurate with the size and nature of its business;
8. According to the information and explanations given to us, maintenance of cost records has not been prescribed by the Central Government under section 209(1) (d) of the Companies Act 1956 for any of the services rendered by the Company.
- 9) (a) According to the information and explanations given to us and as per records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, cess and any other statutory dues applications to it except employees' state insurance. As explained to us the company is in the process of obtaining ESI registration with the concerned authorities and shall do the needful for deposit of statutory dues after the same.

(b) According to the information and explanations given to us, there are no dues of income tax that have not been deposited on account of any dispute and there are no amounts involved and the forum where the dispute is pending except for the assessment year 2001-2002 with the Commissioner of Income Tax, Appeals XIII, New Delhi. The CIT has disallowed vide order dated 01.02.2005 expenditure amounting to Rs. 1,19,43,788/- in the case of Doctor Sahib. Com (P) Ltd. which has merged with Cressanda Solutions Limited w.e.f. 01.04.2001. The Company has appealed to ITAT against the order of Commissioner of Income Tax, Appeals XIII, and New Delhi. The order of tribunal is still pending for hearing.
10. The company has accumulated losses at the end of the financial year which is not less than 50% of its net worth and has not incurred cash losses in the current financial year and immediately preceding financial year;
11. During the year the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
13. The Company is not a Chit/nidhi/mutual benefit fund society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
14. Based on our examinations of the records and explanations provided to us, the company is not in the business of dealing or trading in shares, securities, debentures except other investments, and we are of the opinion that proper records have been maintained of the transactions and contracts and timely entries have been made in those records. We also report that the company has held the investments in its own name;
15. On the basis of the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions of which are prejudicial to the interest of the Company.
16. According to the information & explanations given to us, the term loans were applied for the purpose for which the loans were obtained;
17. The funds raised on short-term basis have not been used for long-term investment or vice versa;

18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956;
19. During the year the company has not issued any debentures;
20. The company has not raised any money by public issues during the year;
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For Agarwal Sangneria & Co.
Chartered Accountants

(Pawan Kumar Agarwal)
Partner

C.A. Membership No. 053496

Place: Camp Noida
Date: June 30, 2008

BALANCE SHEET AS AT MARCH 31, 2008

	Schedule	March 31, 2008 (Rs.)	March 31, 2007 (Rs.)
SOURCES OF FUNDS:			
(1) Shareholders' Funds	1		
(a) Share Capital		90,000,000	90,000,000
(b) Reserves and Surplus		—	—
(2) Loan Funds	2		
(a) Secured Loans		2,732,812	8,337,697
(b) Unsecured Loans		32,877,608	36,651,228
TOTAL		125,610,420	134,988,925
APPLICATION OF FUNDS:			
(1) Fixed Assets	3		
(a) Gross block		65,117,693	64,810,509
(b) Less depreciation		55,948,696	49,332,207
(c) Net block		9,168,997	15,478,302
(2) Investments	4	33,692,340	31,692,340
(3) Current assets, loans, and advances	5		
(a) Sundry Debtors		13,590,779	22,738,227
(b) Cash and Bank Balances		702,307	484,579
(c) Loans and Advances		12,002,178	9,992,510
Less:		26,295,265	33,215,316
Current liabilities and provisions:	6		
(a) Liabilities		3,646,053	7,189,445
(b) Provisions		856,305	1,868,468
		4,502,358	9,057,911
Net current assets		21,792,907	24,157,405
(4) Miscellaneous Expenditure (To the extent not written off or adjusted) Profit & Loss Account	7	28,400	42,600
TOTAL		125,610,420	134,988,925

**SIGNIFICANT ACCOUNTING POLICIES
AND NOTES TO ACCOUNTS**

13

This is the Balance Sheet referred to in our report of even date

The Schedule referred to above and the notes thereon form an integral part of the Balance Sheet

For AGARWAL SANGANERIA & CO.
 Chartered Accountants

(Pawan Kr. Agarwal)
 Partner
 C. A. Membership No. 053496

Sandeep Talwar
 Director

Rohit Agarwal
 Director

Rahul Agarwal
 Managing Director

 Date: 30th June 2008
 Place: Camp Noida

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Schedule	March 31, 2008 (Rs.)	March 31, 2007 (Rs.)
Income			
Software Development Services	8	50,762,188	53,252,229
Other Income	9	3,568,522	2,294,759
Total		<u>54,330,710</u>	<u>55,546,988</u>
Operating Expenses			
Personnel Expenses	10	19,439,216	33,046,325
Administrative & other Expenses	11	19,068,966	10,645,143
Operational Expenses	12	6,053,396	6,277,897
Total		<u>44,561,578</u>	<u>49,969,365</u>
Operating Profit / (Loss)		9,769,132	5,577,623
Less: Finance Charges		594,036	950,426
Depreciation		7,059,095	7,510,653
Profit / (Loss) before tax & Prior Period Items		2,116,001	(2,883,456)
Less: Prior Period Adjustments		59,223	17,287
Profit / (Loss) before tax		2,056,778	(2,900,743)
Less: Provision for Taxation		172,000	243,426
		1,884,778	(3,144,169)
TDS & Advance tax adjusted for earlier years		-	41,102
Net Profit / (Loss) after tax		1,884,778	(3,185,271)
Add: Provision for Gratuity Written Back		805,724	-
		2,690,502	(3,185,271)
Add: Balance Brought Forward		(63,618,277)	(60,433,006)
Balance transferred to Balance Sheet		<u>(60,927,775)</u>	<u>(63,618,277)</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	13		
Basic & Dilluted Earning per Share		0.21	(0.34)

This is the Profit & Loss Account referred to in our report of even date

The Schedule referred to above and the notes thereon form an integral part of the Profit & Loss Account

For **AGARWAL SANGANERIA & CO.**
Chartered Accountants

(Pawan Kr. Agarwal)
Partner
C. A. Membership No. 053496

Sandeep Talwar
Director

Rohit Agarwal
Director

Rahul Agarwal
Managing Director

Date: 30th June 2008
Place: Camp Noida

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AS AT MARCH 31, 2008**

	As at March 31, 2008 (Rs.)	As at March 31, 2007 (Rs.)
SCHEDULE - 1		
SHAREHOLDER'S FUND		
Authorised Share Capital 1,20,00,000 equity shares of Rs.10 each	<u>120,00,000</u>	<u>120,00,000</u>
Issued and Subscribed 90,00,000 equity shares of Rs. 10 each fully paid up	<u>90,00,000</u>	<u>90,00,000</u>
	<u>90,00,000</u>	<u>90,00,000</u>
SCHEDULE - 2		
LOAN FUNDS		
A. Secured loans		
Term Loan (Secured by hypothecation of Motor Cars & Computer Equipments) ICICI Bank (Secured by hypothecation against Fixed Deposit)	<u>2,732,812</u>	<u>6,621,435</u>
	-	<u>1,716,262.00</u>
	<u>2,732,812</u>	<u>8,337,697</u>
B. Unsecured loans		
From Directors	<u>846,643</u>	<u>3,220,263</u>
Inter-Corporate Deposits	<u>24,530,965</u>	<u>24,530,965</u>
Others	<u>7,500,000</u>	<u>8,900,000</u>
	<u>32,877,608</u>	<u>36,651,228</u>

SCHEDULE - 3
Details of FIXED ASSETS as per Companies Act, 1956

S. No.	PARTICULARS	Rate	GROSS BLOCK			DEPRECIATION				NET BLOCK		
			As on 01.04.07	Additions	Deletion	As on 31.03.08	As on 01.04.07	During the Year	Dep. On Deletion	As on 31.03.08	As on 31.03.07	
1	Computers	40.00%	15,004,543	107,169	-	15,111,712	13,193,842	744,256	-	13,938,098	1,173,614	1,810,701
2	Machinery	13.91%	2,438,951	88,511	-	2,527,462	926,787	214,536	-	1,141,323	1,306,139	1,512,164
3	Air Conditioners	13.91%	2,322,217	-	-	2,322,217	894,519	198,593	-	1,093,112	1,229,105	1,427,698
4	Refrigerator	13.91%	12,850	-	-	12,850	10,179	372	-	10,551	2,298	2,671
5	EPABX Systems	13.91%	270,552	124,800	-	395,352	183,790	27,098	-	210,888	184,463	86,762
6	Furniture & Fixtures	18.10%	1,841,590	19,000	-	1,860,590	1,193,825	119,657	-	1,313,482	547,108	647,765
7	Cellular Phones	13.91%	454,904	7,009	-	461,913	244,075	29,982	-	274,057	187,856	210,829
8	Motor Cars	25.89%	4,501,466	-	555,000	3,946,466	3,491,385	260,873	442,606	3,309,832	638,834	1,010,101
9	Office Equipments	13.91%	1,127,936	-	-	1,127,936	453,154	93,862	-	547,018	580,920	674,782
10	Software	40.00%	479,202	185,645	-	664,847	187,842	148,684	-	336,526	328,321	291,360
11	Computer Software Licence	40.00%	-	129,898	-	129,898	-	36,288	-	36,288	93,610	-
12	Software Packages (Capitalised)		28,451,298	-	-	28,451,298	24,857,802	3,793,696	-	28,451,298	-	3,793,696
13	Bicycle	20.00%	-	2,330	-	2,330	-	368	-	369	1,961	-
14	Sign Board	18.10%	-	38,272	-	38,272	-	2,646	-	2,646	35,626	-
15	Battery	13.91%	-	21,660	-	21,660	-	812	-	812	20,848	-
16	Leasehold Improvements		7,905,000	-	-	7,905,000	3,895,226	1,374,780	-	5,270,006	2,634,994	4,099,774
17	Electric Equipments	13.91%	-	137,890	-	137,890	-	12,592	-	12,592	125,298	-
	Total		64,810,509	862,184	555,000	65,117,693	49,332,206	7,056,095	442,606	55,948,296	9,168,997	15,478,303
	Previous Year Total		63,457,398	1,474,731	121,830	64,810,509	41,690,693	7,510,853	88,139	49,332,206	15,478,303	21,988,705

	As at March 31, 2008 (Rs.)	As at March 31, 2007 (Rs.)
SCHEDULE - 4		
Investments at Cost - Trade		
Cressanda Solutions Inc. (WOS) (Subsidiary Company) (250 equity shares of US\$1,000 each)	10,867,340	10,867,340
Ecom Concepts (India) Private Limited [20,82,500 equity shares of Rs.10 each]	20,825,000	20,825,000
JM Money Manager Fund (2,00,000 units of Rs 10/- each)	2,000,000	-
	<u>33,692,340</u>	<u>31,692,340</u>
SCHEDULE - 5		
Current Assets, Loans and Advances		
A. Sundry Debtors		
Unsecured, considered good (Exceeding six months)	10,458,034	12,793,846
Others	3,132,746	9,944,381
	<u>13,590,779</u>	<u>22,738,227</u>
B. Cash and Bank Balances		
Cash in Hand (As certified by the management)	47,657	90,522
Balances with Schedule Banks	654,650	394,057
	<u>702,307</u>	<u>484,579</u>
C. Loans and Advances (Unsecured, Considered good)		
Advances (Recoverable in cash or kind or for value to be received)	6,069,117	5,404,851
Tax Deducted at Source	2,699,267	923,239
Fixed Deposits with banks	2,065,000	2,065,000
Security Deposits	1,168,794	1,028,880
Accrued Income	-	570,540
	<u>12,002,178</u>	<u>9,992,510</u>
SCHEDULE - 6		
Current Liabilities and Provisions		
A. Current Liabilities		
Sundry Creditors	1,444,926	2,587,839
Statutory Dues	549,329	539,123
Salary Payable	1,151,658	2,577,573
Other Expenses Payable	112,878	996,414
Other Liabilities	87,261	188,496
Security Deposit (Against rent)	300,000	300,000
	<u>3,646,053</u>	<u>7,189,445</u>
B. Provisions		
Provision for Gratuity	291,345	1,097,969
Provision for Leave Encashment	149,534	527,212
Provision for Taxation	415,426	243,226
Provision for Outstanding Interest	-	759
	<u>856,305</u>	<u>1,869,166</u>

	As at March 31, 2008 (Rs.)	As at March 31, 2007 (Rs.)
SCHEDULE - 7		
Miscellaneous Expenditure		
Preliminary Expenses (To the extent not written off or adjusted)	42,600	56,800
Less: written off during the year	14,200	14,200
	<u>28,400</u>	<u>42,600</u>

Schedules attached to and forming part of the Profit & Loss Account for the year ended March 31, 2008

SCHEDULE - 8		
Software Development Services		
Domestic Services	8,406,238	6,300,416
Overseas Services	42,355,950	46,951,813
	<u>50,762,188</u>	<u>53,252,229</u>

SCHEDULE - 9		
Other Income		
Dividend Income	68,123	-
Interest on FDR	182,793	109,949
Profit on sale of Fixed Assets	17,606	14,521
Creditors Written back	-	416,923
Miscellaneous Income	-	442,500
Interest on I.T.refund	-	10,866
Rent Received	3,300,000	1,300,000
	<u>3,568,522</u>	<u>2,294,759</u>

SCHEDULE - 10		
Personnel Expenses		
Salary to Staff	7,362,797	14,058,484
Salary to Directors	885,600	948,480
Compensation to Staff	9,155,231	15,700,085
Contribution to Provident Fund	499,879	850,352
Gratuity	427,558	214,265
Leave Encashment	392,210	442,827
Staff Welfare & Training Expenses	619,648	558,802
Staff Entertainment Expenses	96,293	273,030
	<u>19,439,216</u>	<u>33,046,325</u>

	As at March 31, 2008 (Rs.)	As at March 31, 2007 (Rs.)
SCHEDULE - 11		
Administrative And Other Expenses		
Legal & Professional	6,274,846	2,783,429
Vehicle Running & Maintenance	480,812	491,500
Fringe Benefit Tax	209,606	245,548
Communication	1,699,626	2,802,131
Rent, Rates & Taxes	2,434,586	2,187,514
Repairs & Maintenance	1,428,880	544,285
Printing & Stationery	942,322	220,314
Preliminary Expenses Written off	14,200	14,200
Audit Fee	112,360	112,360
Filling Charges	12,381	20,981
Insurance	-	1,792
Fee & Subscription	647,772	51,774
Postage	27,585	53,306
Exchange Fluctuation Loss	479,155	112,518
Miscellaneous	67,093	23,633
Newspaper, Books & Periodicals	8,549	5,929
Office Consumable	523,394	541,785
Bad Debts Written Off	3,705,801	400,000
Loss on Sale of Fixed Assets	-	32,144
	<u>19,068,966</u>	<u>10,645,143</u>

SCHEDULE - 12		
Operational Expenses		
Travelling & Conveyance	3,069,681	3,821,372
Electricity & Water Charges	2,567,557	2,376,380
Product Development, Internet Hosting & Software Licences	331,489	24,521
Business Promotion	47,506	20,686
Freight & Cartage	-	3,980
Conferences & Seminar	8,989	1,100
Advertisement Expenses	28,173	29,858
	<u>6,053,396</u>	<u>6,277,897</u>

SCHEDULE 13**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ON BALANCE SHEET AS ON MARCH 31, 2008 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE****A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements**

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956, to the extent applicable.

2. Revenue Recognition

Revenue from software development on time-and-material basis is recognized based on performance of related services. For fixed price contracts, revenue is recognized on the percentage of completion basis. Revenue from the sale of software products developed is recognized when the sale has been completed with the passing of title.

3. Investment

The investments are stated at cost. (Market value Rs. 20,16,000/-)

4. Fixed Assets And Depreciation

Fixed assets are stated at historical cost less accumulated depreciation/amortization. The cost of fixed assets includes all expenditure up to the date of commissioning of the assets. Depreciation is computed on the written down values (WDV) at the rates specified in Schedule XIV of The Companies Act, 1956.

5. Retirement and Other Benefits**Provident Fund**

All eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the fund, which is equal to a specified percentage of the covered employee's basic salary. The Company has no further obligations under this plan beyond its monthly contributions.

Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The gratuity plan provides a lump sum payment to the vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's basic salary and the year of employment with the Company. Provision for gratuity is determined by actuarial valuation as per AS 15 on Employees Benefits (Revised 2005) issued by ICAI.

Leave encashment

The Company has made a provision for leave encashment on the basis of actuarial valuation as on the balance sheet date.

6. Foreign Currency Transactions

Software development services billed to clients outside India and collections deposited into the foreign currency bank account are recorded at exchange rate prevailing on the date of the transaction. Expenditure in foreign currency is accounted for at the conversion rates prevalent when such expenditure is incurred. Current assets and current liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. Exchange differences arising on foreign currency transactions are recognized as income or expense in the year in which they arise. Foreign currency assets and liabilities are converted into Indian Rupees at the exchange rate prevailing at the date of the Balance Sheet. Foreign currency transactions during the year are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences, if any, are reflected in the Profit and Loss Account.



B. NOTES TO ACCOUNTS

1. Managerial Remuneration

Managerial remuneration paid to the director of the Company during the financial year 2007-08 was Rs. 8,85,600 as compared to Rs.9,48,480 paid during the financial year 2006-07. Mr. Rahul Agarwal, who has been appointed as the Managing Director of the Company with effect from October 1, 2007 does not draw any remuneration from the Company.

2. Small Scale Industry

As at March 31, 2008, the Company has no outstanding dues to small-scale industrial undertakings (Year ended on March 31, 2007 – Nil)

3. Part II of Schedule VI of The Companies Act, 1956

The Company is engaged in development of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

4. CIF Value of Imports

During the financial year 2007-08 CIF value of import of raw material, components and spare parts and capital goods is Nil (Financial Year 2006-07 is Nil)

5. Expenditure in Foreign Currency

During the financial year 2007-08, the company incurred an expenditure on traveling of Rs. 6, 06,743/- in foreign exchange as compared to Rs.14, 37,496/- during the previous year 2006-07

6. Earnings In Foreign Currency

During the financial year 2007-08, the Company's earning in foreign exchange are given hereunder

Nature of service provided	2007-08	2006-07
Software Development Consultancy Services	Rs.42, 355,950	Rs. 46 351 813

7. Deferred Tax

No Deferred Tax Assets has been created, as Company has carried forward losses from the previous years and in terms of Accounting Standard 22 the company is following the conservative policy.

8. Segmental Reporting

The Board of Directors ('the Board') of the Company reviews the performance of the Company at the enterprise level. The Board relies primarily on results at the enterprise level for assessing performance and making decisions about resource allocation and hence the Company has no reportable segments. The Company has only one Business Segment i.e. information technology services or software development consultancy services.

9. Auditors' Remuneration

Auditors' Remuneration including service tax is given herein below:

Particulars	Amount in Rupees	
	For the Year Ended on March 31, 2008	For the Year Ended on March 31, 2007
Statutory Audit	78,652	78,652
Tax Audit	33,708	33,708
Other Capacity	56,180	11,224

10. Earnings Per Share

Basic and diluted earnings per share are calculated by dividing the net Profit/ (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below:-

Reconciliation of earnings:-

Particulars	F.Y.2007-08	F.Y.2006-07
Net Profit/ (Loss) after tax (Rs.)	18,84,778	(31,44,169)
Net Profit/ (loss) attributable to Equity share holders (Rs)	18,84,778	(31,44,169)
Reconciliation of weighted average number of shares for Basic and diluted earnings per Share (Nos.)	9000000	9000000
Earnings per share (Rs) (Nominal value Rs.10/- each)	0.21	(0.34)

11. Related Party Transactions
a) List of Related Parties

Name	Type of Relation
Cressanda Solutions, Inc.	Wholly Owned Subsidiary Company
Cressanda Solutions UK Limited	Common Directorship
Global Fintech Pvt. Ltd.	Common Directorship
Ecom Concepts India Private Limited	Common Directorship / 49% Shareholding
Mr. Sandeep Talwar	Key Management Personnel (Deputy Managing director)
Mr. Rohit Agarwal	Key Management Personnel (Executive Director)
Mr. Rahul Agarwal	Managing Director
Icon Nteractive Pvt. Ltd.	Common Directorship
Batlivala & Karani Securities Pvt. Ltd	Common Directorship
Ishi CSL Info Systems Pvt. Ltd.	Common Directorship
Plus Investments Pvt. Ltd.	Common Directorship

b) Transaction with Related Parties

Name of the party	Transaction during the year (Rs)	Outstanding balance as on March 31, 2008 (Rs)
Cressanda Solution Inc.	1,68,77,573	18,39,289 (Debit)
Cressanda Solution UK Ltd	52,92,677	62,11,239 (Debit)
Global Fintech Private Limited	38,03,598	55,72,667 (Credit)
Icon Nteractive Pvt Ltd.Co.	40,000	12,31,110 (Credit)
Ecom Concept India Pvt Ltd.	-	39,16,219 (Debit)
Ishi CSL Info Systems Pvt. Ltd. (Loan)	10,00,000	10,00,000 (Debit)
Ishi CSL Info Systems Pvt. Ltd. (others)	28,31,415	6,47,002 (Credit)
Mr Sandeep Talwar (Managerial Remuneration)	8,85,600	-
Mr. Rohit Agarwal (Loan)	12,00,000	8,46,643 (Credit)
Mr Rahul Agarwal (Loan)	11,73,620	NIL
Batlivala & Karani Securities Pvt Ltd.	52,94,400	4,000
Plus Investments Pvt. Ltd.	40,000	4,60,000 (Credit)

12. Contingent Liability

- a) Contingent liability in respect of ESI contribution amount, if any, not ascertainable

13. Previous Year Figures

Previous year figures have been regrouped / reclassified wherever necessary to make them comparable with the current year figures.

In terms of our report of even date

For and on behalf of the Board of Directors

For **AGARWAL SANGANERIA & CO.**
Chartered Accountants

(Pawan Kr. Agarwal)
Partner
C. A. Membership No. 053496

Sandeep Talwar
Director

Rohit Agarwal
Director

Rahul Agarwal
Managing Director

Date: 30th June 2008
Place: Camp Noida

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

(Pursuant to amendment of clause 32 of the listing agreement)

Particulars	Year ended March 31, 2008 (Rs.)	Year ended March 31, 2007 (Rs.)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	2,056,778	(2,900,743)
Add:		
Preliminary expenses written off	14,200	14,200
Depreciation	7,059,095	7,510,653
Provision for Gratuity written back	805,724	-
Profit on sale of Fixed assets	(17,606)	-
Dividend received	(68,123)	-
Interest on FDR	(182,793)	(109,949)
Operating profit before working capital changes	9,667,275	4,514,161
Changes in current Assets and Liabilities		
- Sundry Debtors	9,147,447	(10,428,934)
- Loans and Advances	(2,009,668)	131,856
- Current Liabilities and Provisions	(4,555,553)	(5,148,382)
Cash generated from operations	12,249,501	(10,931,300)
Cash Flow before extraordinary items	12,249,501	(10,931,300)
Extraordinary items	(172,000)	(284,528)
Net cash from operating activities (A)	12,077,501	(11,215,828)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Assets Purchased	(862,184)	(1,474,761)
Sale of Fixed Assets	130,000	52,511
Investment made during the year	(2,000,000)	-
Interest on FDR Received	132,793	109,949
Dividend received	38,123	-
Net Cash used in Investing activities (B)	(2,461,268)	(1,312,301)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Loans from Parties	-	11,652,417
Repayment of Loan	(3,773,620)	-
Proceeds from Long term borrowings	-	878,510
Repayment of Long term borrowings	(5,604,885)	-
NET CASH USED IN FINANCING ACTIVITIES (C)	(9,378,505)	12,530,927
Net Increase in cash & cash equivalents (A+B+C)	217,728	2,797
Add: Cash & Cash equivalent as at the beginning of the year (Opening Balance)	484,579	481,782
Cash & Cash equivalents as at the end of the year (Closing Balance)	702,307	484,579

For **AGARWAL SANGANERIA & CO.**

Chartered Accountants

(Pawan Kr. Agarwal)

Partner

C. A. Membership No. 053496

Sandeep Talwar

Director

Rohit Agarwal

Director

Rahul Agarwal

Managing Director

Date: 30th June 2008

Place: Camp Noida

STATEMENTS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANY

1. Name of the subsidiary	Cressanda Solutions Inc.
2. Financial year ended	March 31, 2008
3. Holding Company's interest	100% in equity capital
4. Shares held by the holding company in the subsidiary	250 equity shares of US\$ 1,000 each fully paid-up
5. The net aggregate of profits or losses for the current financial year of the subsidiary so far as it concerns the members of the holding company	
a. Dealt with or provided for in the accounts of the holding company	Nil
b. Not dealt with or provided for in the accounts of the holding company	Loss: US\$ 23,126
6. The net aggregate of profits or losses for the Previous financial year of the subsidiary so far as it concerns the members of the holding company	
a. Dealt with or provided for in the accounts of the holding company	Nil
b. Not dealt with or provided for in the accounts of the holding company	Loss: US\$ 39,674

For **AGARWAL SANGANERIA & CO.**
 Chartered Accountants

(Pawan Kr. Agarwal)
 Partner
 C. A. Membership No. 053496

Sandeep Talwar
 Director

Rohit Agarwal
 Director

Rahul Agarwal
 Managing Director

Date: 18th August 2008
 Place: Camp Noida

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS:

Registration No.							3	7	0	3	6
State code										1	1
Balance Sheet date		3	1	-	0	3	-	2	0	0	8

2 CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands):

Public Issue										N	A
Rights Issue										N	A
Bonus Issue										N	A
Private Placement										N	A

3 POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS(Amount in Rs. Thousands):

Total Liabilities						1	3	0	1	1	2
Total Assets						1	3	0	1	1	2
Sources of Funds:											
Paid Up Capital							9	0	0	0	0
Reserve & Surplus									N	I	L
Secured Loans								2	7	3	3
Unsecured Loans							3	2	8	7	8
Application of Funds:											
Net Fixed Assets								9	1	6	9
Investments							3	3	6	9	2
Net Current Assets							2	1	7	9	3
Miscellaneous Expenditure										2	8
Accumulated Losses							6	0	9	2	8

4 PERFORMANCE OF THE COMPANY(Amount in Rs. Thousands):

Turnover							5	4	3	3	1
Total Expenditure							5	2	2	7	4
Profit / -Loss before tax								2	0	5	7
Profit / -Loss after tax								1	8	8	5

5 PERFORMANCE OF THE COMPANY(Amount in Rs.)

Basic Earnings Per Share in Rs.								0	.	2	1
Diluted Earnings Per Share in Rs								0	.	2	1
Dividend Rate (%)										N	A

6 GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)										N	A
Product Description				S	O	F	T	W	A	R	E
	D	E	V	E	L	O	P	M	E	N	T
				S	E	R	V	I	C	E	S

AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF CRESSANDA SOLUTIONS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CRESSANDA SOLUTIONS LIMITED AND ITS SUBSIDIARY

We have audited the attached consolidated Balance Sheet of Cressanda Solutions Limited and its subsidiary as at March 31, 2008, and also the consolidated Profit and Loss account for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Cressanda Solutions Inc; USA whose financial statements reflect total assets of Rs.79.40 lacs as at March 31, 2008 and total revenues of Rs.282.68 lacs for the year ended. These financial statements have been audited by other Auditors and Auditor's Report have been furnished to us, and in our opinion, so far as it relates to the amounts included in respect of subsidiary, is based solely on the reports of the Auditors.

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India and on basis of the separate audited financial statements of Cressanda Solutions Limited and its subsidiary, which has been included in the consolidated financial statements.

On the basis of the information and explanations given to us, and on the consideration of the separate audit reports on individual audited financial statements of Cressanda Solutions Limited and its subsidiary, we are of the opinion that:

- a) The consolidated balance sheet gives a true and fair view of the consolidated state of affairs of Cressanda Solutions Limited and its subsidiary as at March 31, 2008; and
- b) The consolidated profit and loss account gives a true and fair view of the consolidated Profit of operations of Cressanda solutions Limited and its subsidiary for the year ended on that date.

For **Agarwal Sangneria & Co.**
Chartered Accountants,

(**Pawan Kumar Agarwal**)
Partner

C A. Membership.No. 053/06

Date : 18th August, 2008
Place : Camp Noida

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

	Schedule	March 31, 2008 (Rs.)	March 31, 2007 (Rs.)
SOURCES OF FUNDS:			
(1) Shareholders' Funds			
(a) Share Capital	1	90,000,000	90,000,000
(b) Reserves and Surplus		-	30,160
(2) Loan Funds	2		
(a) Secured Loans		2,732,812	8,337,697
(b) Unsecured Loans		32,877,608	36,651,228
TOTAL		<u><u>125,610,420</u></u>	<u><u>135,019,085</u></u>
APPLICATION OF FUNDS:			
(1) Goodwill		862,340	-
(2) Fixed Assets	3		
(a) Gross block		68,720,451	68,413,267
(b) Less depreciation		59,359,899	52,557,851
(c) Net block		<u>9,360,552</u>	<u>15,855,416</u>
(3) Investments	4	<u>22,825,000</u>	<u>20,825,000</u>
(4) Current assets, loans, and advances	5		
(a) Sundry Debtors		17,589,939	27,893,042
(b) Cash and Bank Balances		2,126,699	2,087,240
(c) Loans and Advances		<u>12,002,178</u>	<u>10,428,410</u>
Less:		<u>31,718,816</u>	<u>40,408,692</u>
Current liabilities and provisions:	6		
(a) Liabilities		8,336,477	13,658,176
(b) Provisions		<u>856,305</u>	<u>1,868,466</u>
		<u>9,192,782</u>	<u>15,526,642</u>
Net current assets		<u>22,526,034</u>	<u>24,882,050</u>
(5) Miscellaneous Expenditure	7		
(to the extent not written off or adjusted)			
Preliminary Expenses		28,400	42,600
Deferred Tax Assets		2,396,037	3,527,085
Profit & Loss Account		<u>67,612,057</u>	<u>69,886,934</u>
TOTAL		<u><u>125,610,420</u></u>	<u><u>135,019,085</u></u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	13		

This is the Balance Sheet referred to in our report of even date

The Schedule referred to above and the notes thereon form an integral part of the Balance Sheet

For **AGARWAL SANGANERIA & CO.**
Chartered Accountants

(Pawan Kr. Agarwal)
Partner
C. A. Membership No. C53496

Sandeep Talwar
Director

Rohit Agarwal
Director

Rahul Agarwal
Managing Director

Date: 18th August 2008
Place: Camp Noida

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Schedule	March 31, 2008 (Rs.)	March 31, 2007 (Rs.)
INCOME			
Software Development Services	8	70,078,922	67,812,844
Other Income	9	3,568,522	2,687,069
Total		73,647,444	70,499,913
OPERATING EXPENDITURE			
Personnel Expenses	10	34,496,661	44,502,830
Administrative & other Expenses	11	22,893,834	15,597,777
Operational Expenses	12	6,099,058	7,505,623
Total		63,489,553	67,606,230
Operating Profit / (Loss)		10,157,891	2,893,683
Less: Finance Charges		594,036	960,093
Depreciation	3	7,244,654	7,727,591
Profit / (Loss) before tax & Prior Period Items		2,319,201	(5,794,001)
Less: Prior Period Adjustments		59,223	17,287
Profit / (Loss) before tax		2,259,978	(5,811,288)
Less: Provision for Taxation		172,000	243,426
Net Profit / (Loss) after tax		2,087,978	(6,054,714)
Provision for Gratuity written back		805,724	-
Deferred Tax Assets		1,057,088	(1,178,368)
TDS & Advance tax adjusted for earlier years		-	41,102
		1,836,614	(4,917,448)
Add: Balance Brought Forward		(69,448,671)	(64,969,486)
Balance Carried forward to Balance Sheet		(67,612,057)	(69,886,934)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS			
	13		
Basic & Dilluted Earning per Share		0.23	(0.67)

This is the Profit & Loss Account referred to in our report of even date

The Schedule referred to above and the notes thereon form an integral part of the Profit & Loss Account

For **AGARWAL SANGANERIA & CO.**
Chartered Accountants

(Pawan Kr. Agarwal)
Partner
C. A. Membership No. 053496

Sandeep Talwar
Director

Rohit Agarwal
Director

Rahul Agarwal
Managing Director

Date: 18th August 2008
Place: Camp Noida

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008**

	As at March 31, 2008 (Rs.)	As at March 31, 2007 (Rs.)
SCHEDULE - 1		
SHAREHOLDER'S FUND		
Authorised Share Capital 1,20,00,000 equity shares of Rs.10 each	120,000,000	120,000,000
Issued and Subscribed 90,00,000 equity shares of Rs. 10 each fully paid up	90,000,000	90,000,000
Reserves And Surplus		
Capital Reserve	-	30,160
	-	30,160
SCHEDULE - 2		
LOAN FUNDS		
A. Secured loans		
Term Loan	2,732,812	6,621,435
(Secured by hypothecation of Motor Cars & Computer Equipments)		
ICICI Bank	-	1,716,262
(Secured by hypothecation against Fixed Deposit)		
	2,732,812	8,337,697
B. Unsecured loans		
From Directors	846,643	3,220,263
Inter-Corporate Deposits	24,530,965	24,530,965
Others	7,500,000	8,900,000
	32,877,608	36,651,228

SCHEDULE - 3
Details of FIXED ASSETS as per Companies Act, 1956

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		Rate	As on 01.04.07	Additions	Deletion	As on 31.03.08	As on 01.04.07	During the Year	Dep. On Deletion	As on 31.03.08	As on 31.03.07	
1	Computers	40.00%	15,004,543	107,169	-	15,111,712	13,193,843	744,256	-	13,938,099	1,173,613	1,810,700
2	Machinery	13.91%	2,438,951	88,511	-	2,527,462	926,787	214,536	-	1,141,323	1,386,139	1,512,164
3	Air Conditioners	13.91%	2,322,217	-	-	2,322,217	894,519	198,593	-	1,093,112	1,229,105	1,427,698
4	Refrigerator	13.91%	12,850	-	-	12,850	10,179	372	-	10,551	2,299	2,671
5	EPABX Systems	13.91%	270,552	124,800	-	395,352	183,790	27,098	-	210,888	184,464	86,762
6	Furniture & Fixtures	18.10%	5,444,348	19,000	-	5,463,348	4,419,469	305,215	-	4,724,684	738,664	1,024,879
7	Cellular Phones	13.91%	454,904	7,009	-	461,913	244,076	29,982	-	274,058	187,855	210,828
8	Motor Cars	25.89%	4,501,466	-	555,000	3,946,466	3,491,365	260,873	442,606	3,309,632	636,834	1,010,101
10	Office Equipments	13.91%	1,127,936	-	-	1,127,936	453,154	93,862	-	547,016	580,920	674,782
11	Computer Software License	40.00%	-	129,898	-	129,898	-	36,288	-	36,288	93,610	-
11	Software		479,202	185,645	-	664,847	187,842	148,684	-	336,526	328,321	291,360
12	Bicycle	20.00%	-	2,330	-	2,330	-	369	-	369	1,961	-
13	Sign Board	18.10%	-	38,272	-	38,272	-	2,646	-	2,646	35,626	-
14	Battery	13.91%	-	21,660	-	21,660	-	812	-	812	20,848	-
15	Software Packages(Capitalised)		28,451,298	-	-	28,451,298	24,657,602	3,793,696	-	28,451,298	-	3,793,696
16	Electric Equipment	13.91%	-	1,17,890	-	1,17,890	-	12,592	-	12,592	1,25,298	-
17	Leasehold Improvements		7,905,000	-	-	7,905,000	3,895,225	1,376,780	-	5,270,005	2,634,995	4,009,725
	Total		88,413,267	382,184	535,000	88,720,451	52,557,851	7,244,654	442,606	59,359,899	9,360,552	15,855,416
	Previous Year Total		67,060,156	1,474,761	121,650	68,413,267	44,899,399	7,727,591	69,139	52,557,851	15,855,416	22,180,757

	As at March 31, 2008 (Rs.)	As at March 31, 2007 (Rs.)
SCHEDULE - 4		
Investments at Cost - Trade		
Ecom Concepts (India) Private Limited [20,82,500 equity shares of Rs.10 each]	20,825,000	20,825,000
JM Money Manager Fund (2,00,000 units of Rs 10/- each)	2,000,000	-
	<u>22,825,000</u>	<u>20,825,000</u>
SCHEDULE - 5		
CURRENT ASSETS, LOANS AND ADVANCES		
A. Sundry Debtors		
Unsecured & considered good (Exceeding six months)	14,457,193	15,540,113
Others	3,132,746	12,352,929
	<u>17,589,939</u>	<u>27,893,042</u>
B. Cash and Bank Balances		
Cash in Hand (As certified by the management)	47,657	90,522
Balances with Schedule Banks	2,079,042	1,996,718
	<u>2,126,699</u>	<u>2,087,240</u>
C. Loans and Advances (Unsecured and Considered good)		
Advances (Recoverable in cash or kind or for value to be received)	6,069,117	5,840,751
Advance Income Tax & Tax Deducted at Source	2,699,267	923,239
Fixed Deposit with bank	2,065,000	2,065,000
Security Deposits	1,168,794	1028880
Accrued Income	-	570,540
	<u>12,002,178</u>	<u>10,428,410</u>
SCHEDULE - 6		
Current Liabilities and Provisions		
A. Current Liabilities		
Sundry Creditors	5,624,095	6,045,674
Statutory Dues	549,329	539,123
Salary Payable	1,662,914	3,472,831
Other Expenses Payable	112,878	-
Other Liabilities	87,261	2,400,548
Security Deposit (Against rent)	300,000	300,000
	<u>8,336,477</u>	<u>13,658,176</u>
B. Provisions		
Provision for Gratuity	291,345	1,097,069
Provision for Leave Encashment	149,534	527,212
Provision for Taxation	415,426	243,426
Provision for Outstanding Interest	-	759
	<u>856,305</u>	<u>1,868,466</u>

	As at March 31, 2008 (Rs.)	As at March 31, 2007 (Rs.)
SCHEDULE - 7		
Miscellaneous Expenditure		
Preliminary Expenses (To the extent not written off or adjusted)	42,600	56,800
Less: written off during the year	14,200	14,200
	<u>28,400</u>	<u>42,600</u>
SCHEDULE - 8		
Software Development Services		
Domestic Services	8,406,238	6,300,416
Overseas Services	61,672,684	61,512,428
	<u>70,078,922</u>	<u>67,812,844</u>
SCHEDULE - 9		
Other Income		
Dividend Income	68,123	-
Interest on FDR	182,793	109,949
Profit on sale of Fixed Assets	17,606	14,521
Creditors Written back	-	416,923
Miscellaneous Income	-	834,810
Interest on I.T.refund	-	10,866
Rent Received	3,300,000	1,300,000
	<u>3,568,522</u>	<u>2,687,069</u>
SCHEDULE - 10		
Personnel Expenses		
Salary to Staff	22,420,242	25,465,960
Salary to Directors	885,600	948,480
Compensation to Staff	9,155,231	15,700,085
Contribution to Provident Fund	499,879	850,352
Gratuity	427,558	214,265
Leave Encashment	392,210	442,827
Staff Welfare & Training Expenses	715,941	880,861
	<u>39,496,661</u>	<u>44,502,830</u>

	As at March 31, 2008 (Rs.)	As at March 31, 2007 (Rs.)
SCHEDULE - 11		
Administrative and Other Expenses		
Rent, Rates & Taxes	3,544,781	3,773,169
Repairs & Maintenance	1,428,880	544,285
Legal & Professional	7,219,238	3,655,258
Vehicle Running & Maintenance	480,812	508,270
Telephone Expenses	1,722,958	2,825,968
Printing & Stationery	942,322	220,314
Preliminary Expenses Written off	14,200	14,200
Brokerage & Commission	-	1,221,056
Insurance	62,391	836,503
Fee & Subscription	659,778	60,433
Postage	39,311	57,230
Exchange Fluctuation Loss	407,353	115,297
Filing fees	12,381	20,981
Miscellaneous	68,934	177,384
Newspaper, Books & Periodicals	8,549	5,929
Office Consumable	550,327	644,508
Bad Debts Written Off	5,352,424	400,000
Balances Written Off	-	91,888
Loss on Sale of Fixed Assets	-	32,144
Bank Service Charges	57,229	35,052
Audit Fee	112,360	112,360
Fringe Benefit tax	209,606	245,548
	<u>22,893,834</u>	<u>15,597,777</u>

SCHEDULE - 12

Operational Expenses		
Travelling & Conveyance	3,113,103	4,638,716
Electricity & Water Charges	2,567,557	2,376,380
Product Development, Internet Hosting & Software Licences	331,489	243,013
Business Promotion	47,506	20,686
Frieght & Carriage Charges	-	3,980
Advertisement, Conferences & Seminar	39,403	222,848
	<u>6,099,058</u>	<u>7,505,623</u>

SCHEDULE – 13**Notes to Consolidated Financial Statements****1. The Group**

Cressanda Solutions Limited is the flagship Company of the Group and is listed on the Bombay Stock Exchange Limited of India. The Company and its subsidiary M/s Cressanda Solutions Inc. are primarily engaged in the business of delivering customized software solutions and products in the domain of contemporary services. The parent Company is based at Noida (U.P) and Mumbai, India. The subsidiary company is based in Pittsburgh, USA.

2. Basis of Preparation of The Financial Statements

The consolidated financial statements of the Cressanda Group are prepared under the historical cost convention on the accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) in India, and materially comply with the mandatory Accounting Standards ("AS") issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956 (the Act). The consolidated financial statements include the financial statements of Cressanda Solutions Limited and its subsidiary, which is 100% owned. The financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under AS 21- Consolidated Financial Statements prescribed by the ICAI. In respect of investments made in Associate Companies, the principles prescribed under AS 23- Accounting for Investments in Associates in Consolidated Financial Statements issued by the ICAI, effective 1 April 2002 has been adopted in the preparation of these financial statements. All material inter-Company transactions and accounts are eliminated on consolidation.

3. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses during the period reported. Actual results could differ from these estimates. Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

4. Revenue Recognition

Revenue from software development on time-and-material basis is recognized based on performance of related services. For fixed price contracts, revenue is recognized on the percentage of completion basis. Revenue from the sale of software products developed is recognized when the sale has been completed with the passing of title.

5. Reinstatement of Financial Statements

The reporting currency of the parent company is in Indian Rupee. The reporting currency of the subsidiary Company is US Dollar. For consolidation, the income and expenditure items of the foreign subsidiary are translated to Indian Rupees at the end on the Financial Year using the closing exchange rates for such year. All monetary assets and liabilities of the foreign subsidiary excluding equity capital as on the balance Sheet date are translated to Indian Rupees at the exchange rate prevalent on the Balance Sheet date. Non-monetary items in the Balance Sheet of foreign subsidiary are translated at rates approximating those ruling on the transaction date. Investments made by the parent company in the equity capital of the foreign subsidiary are carried at historical cost based on the foreign currency rates prevalent on the date of investment. Gains arising from translation at exchange rates prevalent on the Balance Sheet date are directly credited to the reserves as "Other Comprehensive Income" and losses as "Goodwill" in accordance with the Accounting Standard.

6. Taxation

i) Domestic

No Provision is made for income tax liability as the company has the brought forward losses. The only provision made of Rs.1,72,000 on account of Fringe benefit tax for the F.Y. 2007-08. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in the future, however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Following the conservative policy, no Deferred Tax Assets has been created

ii) Foreign

Deferred income taxes are provided for the temporary difference between financial reporting basis and the tax basis of the Subsidiary Company's assets and liabilities. The temporary differences that create the deferred tax liability are the depreciation method and revenue / expense recognition differences between the financial reporting and tax return method .

The current / deferred tax liability at March 31, 2008 and 2007 is as follows:

Particulars	Year ended March 31 2008	Year Ended March 31, 2007
Domestic - Fringe Benefit tax	Rs. 1,72,000	Rs. 2,43,426
Foreign - Federal & State Current Tax (expense / (benefit))	(US\$ 26,414)	(US\$ 27,033)
Foreign - Federal & State Deferred Tax Assets	(US\$ 59,871)	(US\$ 80,915)

7. Contingent Liability

Contingent liability in respect of ESI contribution amount, if any, not ascertainable.

8. Segmental Reporting

The Company has only one Business Segment i.e. information technology services or software development consultancy services. But, it has earned income from various Geographical Segments i.e. from India, UK & USA etc. The details of revenue by Geographical Segment are as follows:

Geographical Segment	Revenue (Rs.)
India	8,406,239
UK	24,858,351
USA	17,497,598
Revenue from Operations (Total)	50,762,188

Segment wise profit & loss, Fixed Assets and Capital Employed used in the Company business cannot be specifically identified with any of the reportable segments, as these are used inter changeably between segments. Management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since the meaningful segregation of the available data is not possible.

9. Earnings Per Share

Basic and diluted earnings per share are calculated by dividing the net Profit/(loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below:-

Reconciliation of earnings:-

Particulars	F.Y. 2007-08	F.Y. 2006-07
Net Profit/(Loss) after tax (Rs.)	20,87,978	(60,54,714)
Net profit/(loss) attributable to Equity share holders (Rs)	20,87,978	(60,54,714)
Reconciliation of weighted average number of shares For Basic and diluted earnings per Share (Nos.)	90,00,000	90,00,000
Earnings per share (Rs) (Nominal value Rs.10/- each)	0.23	(0.67)

10. Previous Year Figures

Previous year figures have been regrouped / reclassified wherever necessary to make them comparable with the current year figures. Losses pertaining to previous year have been re written due to exchange fluctuation.

In terms of our report of even date.

For and on behalf of the Board of Directors

For **AGARWAL SANGANERIA & CO.**
 Chartered Accountants

(Pawan Kr. Agarwal)
 Partner
 C. A. Membership No. 053496

Sandeep Talwar
 Director

Rohit Agarwal
 Director

Rahul Agarwal
 Managing Director

Date: 18th August 2008
 Place: Camp Noida



CRESSANDA SOLUTIONS, INC.
(A wholly owned subsidiary of Cressanda Solutions Limited)

4501, Spicewood Springs Road,
Suite 1050, Austin, TX 78759

Audited Financial statements
For the year ended March 31, 2008

WILKE & ASSOCIATES, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cressanda Solutions, Inc.

We have audited the accompanying balance sheet of Cressanda Solutions, Inc. (a Pennsylvania corporation) as of March 31, 2008, and the related statement of operations, retained earnings and cash flows for the year then ended. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements base on our audits.

We conducted our Audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cressanda Solutions Inc. as of March 31, 2008, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our Audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, In our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Wilke & Associates, LLP
August 14, 2008

BALANCE SHEET AS AT MARCH 31, 2008

	March 31, 2008 (US\$)	March 31, 2007 (US\$)
ASSETS		
(1) CURRENT ASSETS		
(a) Cash	35,592	36,767
(b) Accounts Receivable	99,929	118,257
(c) Deferred Income Tax benefit	20,000	-
(d) Prepaid expenses	-	10,000
TOTAL CURRENT ASSETS	<u>155,521</u>	<u>165,024</u>
(2) FIXED ASSETS		
(a) Furniture, Fixtures & equipment	83,032	83,032
(b) Less Accumulated Depreciation	80,035	74,317
NET PROPERTY & EQUIPMENT	<u>2,997</u>	<u>8,715</u>
(3) OTHER ASSETS		
Deferred Income Tax benefit, net of current portion	39,871	80,915
TOTAL OTHER ASSETS	<u>39,871</u>	<u>80,915</u>
TOTAL ASSETS	<u>198,389</u>	<u>254,654</u>
LIABILITIES AND STOCKHOLDERS EQUITY		
(1) CURRENT LIABILITIES		
(a) Accounts Payable	104,427	103,011
(b) Accrued Salaries & Taxes	12,775	17,500
(c) Commissions Payable	-	27,888
TOTAL CURRENT LIABILITIES	<u>117,202</u>	<u>148,399</u>
(2) STOCKHOLDER'S EQUITY		
(a) Common Stock	250,000	250,000
(b) Retained Earnings/(deficit)	(168,813)	(143,746)
TOTAL STOCKHOLDER'S EQUITY	<u>81,187</u>	<u>106,254</u>
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	<u>198,389</u>	<u>254,654</u>

Wilke & Associates, LLP
 Certified Public Accountants

Dated : August 14, 2008
 Place : Pittsburgh



**STATEMENT OF OPERATIONS AND RETAINED EARNINGS FOR
THE YEAR ENDED MARCH 31, 2008**

	March 31, 2008	%	March 31, 2007	%
	(US\$)		(US\$)	
REVENUE				
CONSULTING INCOME	706,347	100.00	564,454	100.00
Total Income	706,347		564,454	
COST OF REVENUE				
(a) Outside Consulting	376,248	53.27	230,418	40.82
(b) Salaries, Commissions & Benefits	223,670	31.67	261,699	46.36
(c) Payroll Taxes	18,365	2.59	20,663	3.66
TOTAL COST OF REVENUE	618,283	87.53	512,781	91.00
GROSS PROFIT	88,064	12.47	51,673	9.00
OPERATING EXPENSES	84,776	12.00	123,339	21.85
NET INCOME FROM OPERATIONS	3,288	0.47	(71,666)	(12.00)
OTHER INCOME (LOSS)				
(a) Other Income	-		9,000	1.59
(b) Less Interest & other expenses	-		4,041	0.72
TOTAL OTHER INCOME	-		4,959	1.00
PROFIT/LOSS BEFORE INCOME TAXES	3,288	0.47	(66,707)	(12.00)
INCOME TAXES				
(a) Provision	(26,414)	(3.47)	-	-
(b) Deferred	-		27,033	5.00
NET PROFIT/LOSS	(23,126)	(3.27)	(39,674)	(7.03)
Retained Earnings -Beginning of the Year	(145,687)		(104,072)	
Retained Earnings-End of the Year	(168,813)		(143,746)	

Wilke & Associates, LLP
Certified Public Accountants

Dated : August 14, 2008
Place : Pittsburgh

SCHEDULE - I
**STATEMENT OF OPERATING EXPENSES
 FOR THE YEAR ENDED ON MARCH 31, 2008**

	<u>March 31, 2008</u>	<u>%</u>	<u>March 31, 2007</u>	<u>%</u>
	(US\$)		(US\$)	
Salaries –Officers	–	–	261,699	46.36
Bad Debt expenses	41,145	5.83	2,108	0.37
Legal & professional Fees	23,598	3.34	19,519	3.46
Travel & Entertainment	1,085	0.15	19,876	3.52
Advertisement and Marketing	56	0.01	1,876	0.33
Internet Costs	–	–	5,012	0.89
Depreciation	4,632	0.66	4,977	0.88
Telephone	583	0.08	547	0.10
Rent	7,500	1.06	11,250	1.99
Insurance	1,559	0.22	19,149	3.39
Dues and Subscriptions	300	0.04	199	0.04
Office Supplies and Expenses	673	0.09	2,357	0.42
Bank Service Charges	1,430	0.20	804	0.14
Payroll Processing Fee	1,876	0.27	1,757	0.31
Taxes, Licenses and Permits	–	–	2,706	0.48
Automobile Expenses	–	–	11	0.00
Miscellaneous Expenses	46	0.01	3,089	0.55
Postage	293	0.04	90	0.02
Commissions	–	–	28,012	4.96
Total Operating Expenses	84,776	12.00	385,038	68.21

Wilke & Associates, LLP
 Certified Public Accountants

Dated : August 14, 2008
 Place : Pittsburgh



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2008**

	March 31, 2008 (US\$)	March 31, 2007 (US\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income/(Loss)	(23,126)	(39,674)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities		
Depreciation	4,632	4,977
Deferred Income Tax Provision/(Expenses)	26,414	(27,033)
(Increase)/Decrease in assets		
Accounts Receivables-Trade	18,328	(57,765)
Increase/(Decrease) in Liabilities		
Accounts Payable	8,228	87,918
Accrued Payroll & Payroll Taxes	(4,725)	20,538
Commissions Payable/Employee payable	(30,926)	27,888
NET CASH USED/PROVIDED BY OPERATING ACTIVITIES	(1,175)	16,849
NET INCREASE/(DECREASE IN CASH & CASH EQUIVALENTS	(1,175)	16,849
CASH & CASH EQUIVALENTS-BEGINNING OF THE YEAR	36,767	19,919
CASH & CASH EQUIVALENTS- END OF THE YEAR	35,592	36,767
Supplemental Disclosure of cash flow information		
Cash paid during the year for Interest	-	703

Wilke & Associates, LLP
Certified Public Accountants

Dated : August 14, 2008
Place : Pittsburghh

NOTES TO FINANCIAL STATEMENTS- MARCH 31, 2008

NOTE A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature Of Operations

Cressanda Solutions, Inc. (a corporation, hereinafter referred to as the Company) is a nationwide Technology focused software services company. The company provides robust information systems solutions for its clients' business processes. Among the services provided are customized software development to address customers' specific needs; strengthening of internet & network security using authentication and encryption and network integration. The majority of revenues are derived in the Western Pennsylvania area; but services are also provided to clients in the Midwest, Southeast and Northeast regions of the United States. The company is a subsidiary of Cressanda Solutions Limited based in New Delhi, India and conducts business on tested on site & offshore methodology to provide highly economical quality solutions to clients in USA.

Cash & Cash Equivalents

For purposes of the Statement of Cash Flows, the Company considers all cash on hand and in deposit accounts to be cash equivalents.

Accounts Receivable

Accounts receivable consists of amount due from customers for services provided. The Company provides an allowance for doubtful accounts. In management's opinion, all accounts will be collected; therefore the allowance was \$0 at March 31, 2008.

When accounts receivable are considered uncollectible, they are written off. Bad debt expense for the year ended March 31, 2008 amounted to \$ 41,145.

Property & Equipment

Property and Equipment are stated at cost. The Companies utilize the straight line method of depreciation for financial reporting purposes at rates based on the following estimated useful lives of the assets:

Computers & Equipments	:	5-7 years
Furniture & Fixtures	:	5-7 years

Repairs and Maintenance, which do not extend the lives of the applicable assets, are charged to expenses as incurred. Gain or Loss resulting from retirement or other disposition of assets is included in the Income. Depreciation expense for the year ended March 31, 2008 was \$ 4,632.

Revenue Recognition

The Company's revenue is derived from providing services to clients on either a one time or ongoing basis. All revenues are recognized when earned. Invoices are created on a regular basis and result from Billable hours spent at agreed upon rates.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted Accounting Principles requires management to make estimates and assumptions regarding depreciation, amortization and deferred taxes that affect the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Deferred Income Tax assets and Liabilities are computed annually for Cressanda Solutions, Inc., for differences between the financial statements and the tax bases of assets and liabilities as well as timing differences in recognition of revenues and expenses that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the difference are expected to affect the taxable income. The Company uses the accrual methods of accounting for financial statement purposes where revenues and expenses are recognized when earned or a liability incurred and the cash method of accounting where revenue and expenses are recognized when cash is received or paid for Income Tax purposes. Valuation allowances are established when necessary to reduce the deferred tax assets to the amount expected to be realized. Income tax



purposes. Valuation allowances are established when necessary to reduce the deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

COMPENSATED ABSENCES

There were no compensated absences recorded on the books as of March 31, 2008. The Company expenses vacations pay as paid. If vacation benefits were accrued as earned it would not have a material effect on the financial statements.

NOTE B – ACCOUNTS PAYABLE

Following is detail of Accounts payable at March 31, 2008:

Due to Cressanda Solutions Limited (India)	\$ 63,351
Due from Cressanda Solutions UK Limited	(\$ 10,000)
Other payables due	\$ 51,076
	<hr/>
	\$ 104,427

NOTE C- RELATED PARTY TRANSACTIONS- PREPAID SERVICES

The Company utilizes the resources of its parent company Cressanda Solutions Limited for Outside consulting services. For the year ended March 31, 2008, Cressanda Solutions Limited provided services in the amount of \$ 237,099. As of March 31, 2008, the company owes Cressanda Solutions Limited the amount of \$ 63,351 for services rendered.

Another subsidiary of Cressanda Solutions Limited located in the United Kingdom was advanced \$ 10,000 for future services.

The above amounts are included in the Accounts Payable as indicated in Note B.

NOTE D- COMMON STOCK

As of March 31, 2008, 100% of the common stock is held by Cressanda Solutions Limited of India. 250 shares of stock are authorized, issued and outstanding with a par value of \$ 1,000 per share.

NOTE E- OPERATING LEASES

The company was obligated under an operating lease for office facilities for a portion of the year ending March 31, 2008. At the conclusion of the lease, the company did not renew. All office administration is done through book keeping services located in Austin, TX.

Rent expenses for the operating lease for the year ended March 31, 2008 was \$ 7,500.

NOTE F- CORPORATE INCOME TAXES AND NET OPERATING LOSS CARRY FORWARD

The Company follows the provision of the Financial Accounting Standards Board (FASB). FASB interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes-an interpretation of FASB statement of Accounting Standards No. 109, which provides guidance for how uncertain tax provisions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken by the company and to determine whether tax positions are "more -likely-than not" of being sustained by the applicable tax authority. No tax position taken by the company would qualify under this provision.

The company follows the provision of the Financial Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes, which states that deferred income taxes should be measured by using the enacted federal tax rates expected to apply to taxable income in the periods in which the net operating losses increased or decreased.

Based on the historical levels of the company taxable income the rate of income tax selected in determining the federal benefit was 34%. It is estimated that the corporation will generate approximately \$ 60,000 of Federal taxable income in the 2008-2009 fiscal year and therefore the deferred tax benefit applicable to this income has been classified as a current asset. The net balance of deferred taxes are listed as a non current other asset.

Given the company's official location (as specified in Note E) is in the State of Texas (which has no corporate income tax), no tax benefit or liability is included in the calculation.

The available net operating loss carry forward has generated a deferred income tax asset as disclosed below:

Deferred Income Tax Asset	2008
Current Asset	
Federal	\$ 20,000
Total Current Asset	<u>\$ 20,000</u>
Non Current Asset	
Federal	\$ 39,871
Total Non Current Asset	<u>\$ 59,871</u>
Total Deferred Income Tax Asset	<u>\$ 59,871</u>

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of Cressanda Solutions Inc. assets and liabilities. The temporary differences that create the deferred tax liability are the depreciation method and revenue/expense recognition differences between the financial and tax return reporting methods.

The components of the income tax provision for the year ended March 31, 2008 includes only the federal portion of \$ 26,414.

Wilke & Associates, LLP
Certified Public Accountants

Dated : August 14, 2008
Place : Pittsburgh



**Cressanda
SOLUTIONS**

CRESSANDA SOLUTIONS LIMITED

Regd. Office: 26/27, Khatau Building, Alkesh Dinesh Modi Marg, Fort, Mumbai- 400 023

ATTENDANCE SLIP

Name : _____

Folio No.: _____

I hereby record my presence at the Twenty Third Annual General Meeting of the Cressnad Solutions Limited at Plot No. 102 & 103, Arihant Building, 15th Road, Khar (West), Mumbai- 400 052 on Monday, 29th September 2008 at 4:00 P.M.

SIGNATURE OF THE ATTENDANCE MEMBER/PROXY

- NOTES:**
1. Shareholder/Proxy holder wishing to attend the meeting must bring this attendance slip to the meeting and hand it over at the entrance duly signed.
 2. Shareholder/Proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.



**Cressanda
SOLUTIONS**

CRESSANDA SOLUTIONS LIMITED

Regd. Office: 26/27, Khatau Building, Alkesh Dinesh Modi Marg, Fort, Mumbai- 400 023

PROXY

I/We.....

of.....in the district of.....

a member/members of the above named Company, hereby appoint.....

.....in the district of.....of failing him/her.....

.....of.....in the district

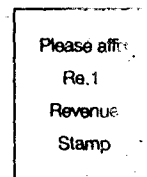
of.....as my/our proxy to attend and vote for me/us and on my/our behalf

At the Twenty Third Annual General Meeting of the Company, to be held on Monday, 29th September, 2008 or at any adjournment thereof.

Signed this.....day of.....2008

Reference Folio _____

No. of shares held _____



Signature(s) of the Shareholder(s)

- NOTES:** The Proxy must be returned so as to reach the Registered Office of the Company at 26/27 Khatau Building, Alkesh Modi Marg, Fort, Mumbai- 400 023 not less than FORTY EIGHT Hours before the time for holding the meeting.

Cressanda Solutions Limited

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