

**AGARWAL SANGANERIA & Co.**  
**Chartered Accountants**

**AUDITORS' REPORT**

To the Members,  
**Cressanda Solutions Limited**

We have audited the attached Balance Sheet of **CRESSANDA SOLUTIONS LIMITED**, as at 31<sup>st</sup> March, 2011, 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, the profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the applicable 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, 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2011 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 31st March, 2011;
- b) in the case of the Profit and Loss Account, of the Loss 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 Sanganeria & Co**  
Chartered Accountants  
Firm Regn No. 317224E

**Bina Gupta**  
Partner  
C.A.Membership No. 060269

Place: Camp New Delhi  
Date: 27<sup>th</sup> June, 2011

## 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 31<sup>st</sup> March, 2011. We report that:

1. a) The Company was maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. However, since the Company has sold the entire fixed assets during the year, the question of physical verification and comparison with book records does not arise.  
  
b) During the year, the Company has disposed off all the fixed assets and there has been suspension of all the business and services provided by the company.
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 not granted any loans, secured or unsecured to Companies, Firms and Other Parties listed in the register maintained under section 301 of the Act, 1956 except one company. The maximum amount outstanding during the year was Rs 38,57,177, and the year end balance was Rs NIL.  
  
b) The loan given was interest free and the loan had to be written off during the year. Although the terms of the loan were not prejudicial to the company when the loan was given but during the year it has proved to be irrecoverable as because the Company has applied for Easy Exit Scheme, 2010.  
  
c) Since the loan given by the company are in the nature of advance, so question of repayment of the principal amount does not arise. Moreover the amount has been written off during the year.  
  
d) We have been informed that there is no overdue amount more than Rs 1 lac, accordingly the requirement of this clause does not arise.  
  
e) The Company has not taken any loans, secured or unsecured from Companies, Firms and Other Parties listed in the register maintained under section 301 of the Act, 1956 except from two companies. The maximum amount outstanding during the year was Rs 17,31,110/- and year end balance was Rs. 5,00,000/-.  
  
f) According to the information and explanations given to us, the rate of interest and other terms and conditions of loans taken by the Company are not prima facie prejudicial to the interest of the Company.  
  
g) The Company is not in a position to make any repayment of the principal amount during the year.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business. The activities of the Company do not involve purchase of inventories and

sale of goods. However during the year there has been suspension of all the business and services provided by the Company;

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 have been entered, although as according to the information and explanations given to us, no transaction has been carried out in the current year that requires entry under of Section 301 of the Companies Act, 1956;
5. 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.
6. In our opinion, the Company does not have an internal audit system which is commensurate with the size and nature of its business;
7. 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.
8. 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, Service Tax, Wealth-Tax, Cess and any other statutory dues as applicable to it.  
  
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.
10. The company has accumulated losses at the end of the financial year which is not less than 50% of its net worth;
11. According to the information and explanations given to us, there were no dues to be paid to Financial Institutions or Banks 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. As per the information provided to us proper records have been maintained of the investment transactions and contracts and 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, no term loan has been taken by the company during the year.
17. The funds raised on short-term basis have not been used for long-term investment;
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  
Firm Regn. No. 317224E

**Bina Gupta**  
Partner  
C.A. Membership. No. 060269

Date: 27<sup>th</sup> June, 2011  
Place: Camp New Delhi

**AGARWAL SANGANERIA & Co.**  
**Chartered Accountants**

**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, 2011 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, 2011 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 Sanganeria & Co.**  
Chartered Accountants  
Firm Regn No. 317224E

**(Bina Gupta)**  
**Partner**  
C A.Membership. No. 060269

Place: Camp New Delhi

Date: 27<sup>th</sup> June, 2011

**Cressanda Solutions Limited**  
**Balance Sheet as at March 31, 2011**

	Schedule	March 31, 2011 (₹)	March 31, 2010 (₹)
<b>Sources of Funds:</b>			
(1) <i>Shareholders' Funds</i>	1		
(a) Share Capital		9,00,00,000	9,00,00,000
(b) Reserves and Surplus		-	-
(2) <i>Loan Funds</i>	2		
(a) Secured Loans		-	5,00,000
(b) Unsecured Loans		1,55,00,000	1,62,31,110
<b>TOTAL</b>		<b>10,55,00,000</b>	<b>10,67,31,110</b>
<b>Application of Funds:</b>			
(1) <i>Fixed Assets</i>	3		
(a) Gross block		-	6,53,66,388
(b) <i>Less</i> depreciation		-	6,11,58,685
(c) Net block		-	<b>42,07,703</b>
(2) <i>Investments</i>	4	1,08,67,340	3,16,92,340
(3) <i>Current assets, loans, and advances</i>	5		
(a) Sundry Debtors		63,86,165	71,67,541
(b) Cash and Bank Balances		3,60,133	4,24,787
(c) Loans and Advances		23,03,698	72,46,374
<i>Less:</i>		90,49,996	1,48,38,702
<i>Current liabilities and provisions:</i>	6		
(a) Liabilities		26,11,636	43,47,284
(b) Provisions		5,05,479	5,05,479
		31,17,115	48,52,763
<i>Net current assets</i>		59,32,881	99,85,939
(4) Miscellaneous Expenditure	7	-	-
Profit & Loss Account		8,86,99,779	6,08,45,127
<b>TOTAL</b>		<b>10,55,00,000</b>	<b>10,67,31,110</b>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	13		

This is the Balance Sheet referred to in terms of 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  
Firm Regn No. 317224E

(Bina Gupta)  
Partner  
C.A. Membership No. 060269

Rahul Agarwal  
Director

Rohit Agarwal  
Director

M.N. Shenoy  
Director

Date: 27th June, 2011  
Place: Camp New Delhi

# Cressanda Solutions Limited

## Profit & Loss Account for the year ended March 31, 2011

	Schedule	March 31, 2011 (₹)	March 31, 2010 (₹)
<b>Income</b>			
Software Development Services	8	-	1,41,15,353
Other Income	9	24,201	6,47,851
<b>Total</b>		<b>24,201</b>	<b>1,47,63,204</b>
<b>Operating Expenses</b>			
Personnel Expenses	10	4,42,328	68,80,020
Administrative & other Expenses	11	2,55,030	54,75,984
Operational Expenses	12	6,30,093	28,06,562
<b>Total</b>		<b>13,27,451</b>	<b>1,51,62,566</b>
<b>Operating Profit / (Loss)</b>		<b>(13,03,249)</b>	<b>(3,99,362)</b>
<b>Less:</b> Investments written back		2,08,25,000	-
Loss on sale of Fixed Assets		22,62,445	-
Sundry Balances Written off		26,26,067	-
Finance Charges		9,221	18,199
Depreciation		-	23,66,422
<b>Profit / (Loss) before tax &amp; Prior Period Items</b>		<b>(2,70,25,982)</b>	<b>(27,83,983)</b>
<b>Less:</b> Prior Period Adjustments		56,170	1,60,384
<b>Profit / (Loss) before tax</b>		<b>(2,70,82,152)</b>	<b>(29,44,367)</b>
<b>Less:</b> Income Tax adjusted for earlier years		7,72,500	-
<b>Less:</b> Provision for Taxation		-	-
<b>Net Profit / (Loss) after tax</b>		<b>(2,78,54,652)</b>	<b>(29,44,367)</b>
<b>Add:</b> Balance Brought Forward		<b>(6,08,45,127)</b>	<b>(5,79,00,760)</b>
<b>Balance transferred to Balance Sheet</b>		<b>(8,86,99,779)</b>	<b>(6,08,45,127)</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>			
	13		
<b>Basic &amp; Diluted Earnings per Share</b>		<b>(3.09)</b>	<b>(0.33)</b>

This is the Profit & Loss Account referred to in terms of 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

Firm Regn No. 317224E

(Bina Gupta)

Partner

C.A. Membership No. 060269

Rahul Agarwal

Director

Rohit Agarwal

Director

M.N. Shenoy

Director

Date: 27th June, 2011

Place: Camp New Delhi



Cressanda Solutions Limited  
Cash Flow Statement for the year ended March 31, 2011  
(Pursuant to amendment of clause 32 of the listing agreement)

Particulars	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
<b>(A) Cash Flow from Operating activities</b>		
Net profit before tax and extraordinary items	(2,70,82,152)	(29,44,367)
<b>Add:</b>		
Preliminary expenses written off	-	14,200
Depreciation	-	23,66,422
Dividend received	-	(4,60,957)
Loss on sale of Fixed assets	22,62,445	-
Investments written off	2,08,25,000	-
Interest on FDR	(3,999)	(5,372)
	<u>(39,98,706)</u>	<u>(10,30,074)</u>
<b>Operating profit before working capital changes</b>		
Changes in Current Assets and Liabilities		
--Sundry Debtors	7,81,376	27,11,467
--Loans and Advances	49,42,676	29,53,559
--Current Liabilities and Provisions	(17,35,648)	11,77,405
<b>Cash generated from operations</b>	<u>(10,301)</u>	<u>58,12,357</u>
<b>Cash Flow before extraordinary items</b>	<u>(10,301)</u>	<u>58,12,357</u>
Extraordinary items	(7,72,500)	-
<b>Net cash used in operating Activities</b>	<u>(A) (7,82,801)</u>	<u>58,12,357</u>
<b>(B) Cash Flow from Investing activities</b>		
Assets Purchased	-	(66,635)
Sale of Investment(MF)	-	50,000
Proceeds from sale of assets	19,45,258	-
Investment made during the year	-	-
Interest on FDR Received	3,999	5,372
Dividend received	-	4,60,957
<b>Net Cash used in Investing activities</b>	<u>(B) 19,49,257</u>	<u>4,49,694</u>
<b>(C) Cash Flow from Financing activities</b>		
Repayment of Loan	-	-
Repayment of Long term borrowings	(12,31,110)	(69,00,000)
<b>Net Cash used in Financing activities</b>	<u>(C) (12,31,110)</u>	<u>(69,00,000)</u>
<b>Net Increase in cash &amp; cash equivalents</b>	<u>(A+B+C) (64,654)</u>	<u>(6,37,949)</u>
<b>Add: Cash &amp; Cash equivalent as at the beginning of the year</b>		
(Opening Balance)	4,24,787	10,62,736
<b>Cash &amp; Cash equivalents as at the end of the year</b>	<u>3,60,133</u>	<u>4,24,787</u>
(Closing Balance)		

For AGARWAL SANGANERIA & CO.

Chartered Accountants

Firm Regn no. 317224E

(Bina Gupta)

Partner

C.A.Membership No.060269

Rahul Agarwal

Director

Rohit Agarwal

Director

M.N. Shenoy

Director

Date : 27th June, 2011

Place: Camp New Delhi

Cressanda Solutions Limited

Schedules attached to and forming part of the Balance Sheet as at March 31, 2011

	<u>As at March 31, 2011 (')</u>	<u>As at March 31, 2010 (')</u>
<b>SCHEDULE - 1</b>		
<b>SHAREHOLDER'S FUND</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
1,20,00,000 equity ₹ Rs. 10 each	12,00,00,000	12,00,00,000
<b>Issued, Subscribed and Paid-up</b>		
90,00,000 equity shares of Rs. 10 each fully paid up	9,00,00,000	9,00,00,000
	<u>9,00,00,000</u>	<u>9,00,00,000</u>
<b>SCHEDULE - 2</b>		
<b>LOAN FUNDS</b>		
<b>A. Secured loans</b>		
Term Loan (Secured by hypothecation of Motor Cars & Computer Equipments)	-	5,00,000
<b>B. Unsecured loans</b>		
Inter-Corporate Deposits	1,55,00,000	1,62,31,110
	<u>1,55,00,000</u>	<u>1,62,31,110</u>
<b>SCHEDULE - 4</b>		
<b>INVESTMENTS AT COST - TRADE</b>		
Cressanda Solutions Inc. (WOS) (Subsidiary Company) (250 equity shares of US\$1,000 each)	1,08,67,340	1,08,67,340
Ecom Concepts (India) Private Limited	-	2,08,25,000
	<u>1,08,67,340</u>	<u>3,16,92,340</u>
<b>SCHEDULE - 5</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A. Sundry Debtors</b>		
(Unsecured & considered good)		
Less than six months	-	67,64,273
Others	63,86,165	4,03,268
	<u>63,86,165</u>	<u>71,67,541</u>
<b>B. Cash and Bank Balances</b>		
Cash in Hand (As certified by the Management)	1,23,405	1,18,992
Balances with Schedule Banks	2,36,728	3,05,795
	<u>3,60,133</u>	<u>4,24,787</u>

C. Loans and Advances (Unsecured & Considered good)

Advances (Recoverable in cash or kind or for value to be received)	32,160	38,92,705
Tax Deducted at Source	22,01,295	30,48,791
Fixed Deposits with banks	45,000	45,000
Statutory Dues - Recievable	25,243	-
Security Deposits	-	2,59,877
	<u>23,03,698</u>	<u>72,46,374</u>

SCHEDULE - 6

CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities

Sundry Creditors	17,63,338	28,38,918
Statutory Dues	-	4,09,780
Salary Payable	-	1,43,877
Advance from Directors	7,98,214	9,16,897
Other Expenses Payable	50,084	37,812
	<u>26,11,636</u>	<u>43,47,284</u>

B. Provisions

Provision for FBT	5,05,479	5,05,479
	<u>5,05,479</u>	<u>5,05,479</u>

SCHEDULE - 7

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Preliminary Expenses	-	14,200
Less: Written off during the year	-	14,200
	<u>-</u>	<u>-</u>

Cressanda Solutions Limited

Schedules attached to and forming part of the Profit & Loss Account for the year ended March 31, 2011

As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
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SCHEDULE - 8

SOFTWARE DEVELOPMENT SERVICES

Domestic Services	-	32,62,808
Overseas Services	-	1,08,52,545
	<u>-</u>	<u>1,41,15,353</u>

SCHEDULE - 9

OTHER INCOME

Dividend	-	4,60,957
Interest on FDR	3,999	5,372
Interest on I.T.refund	13,728	1,29,103
Foreign Exchange Fluctuation	-	46,512
Miscellaneous Income	6,474	5,908
	<u>24,201</u>	<u>6,47,851</u>

**SCHEDULE - 10****PERSONNEL EXPENSES**

Salary to Staff		
Contribution to Provident Fund	36,603	63,47,892
PF administration expenses	-	1,67,802
Contribution to ESI	84	
Gratuity	-	38,359
Leave Encashment	3,50,000	50,237
Staff Welfare & Training Expenses	55,641	24,512
	-	2,51,218
	<u>4,42,328</u>	<u>68,80,020</u>

**SCHEDULE - 11****ADMINISTRATIVE AND OTHER EXPENSES**

Legal & Professional charges		
Vehicle Running & Maintenance	1,44,679	8,46,264
Communication expenses	-	3,08,263
Rent, Rates & Taxes	547	8,49,753
Repairs & Maintenance	-	20,68,946
Printing & Stationery	133	8,80,421
Preliminary Expenses Written off	-	49,798
Audit Fee	-	14,200
Insurance	30,000	1,10,300
Fee & Subscription	-	9,607
Postage	66,635	49,986
Donation	-	23,298
Miscellaneous Expenses	-	5,100
Newspaper, Books & Periodicals	13,036	34,464
Office Consumable	-	5,424
	-	2,20,160
	<u>2,55,030</u>	<u>54,75,984</u>

**SCHEDULE - 12****OPERATIONAL EXPENSES**

Travelling & Conveyance		
Electricity & Water Charges	33,200	5,41,060
Product Development, Internet Hosting & Software Licences	-	16,76,272
Work Contract Charges	-	67,925
Advertisement Expenses	-	4,46,350
Sundry Balances Written off	8,385	32,160
Security Deposit Written Off	5,35,358	1,586
	53,150	41,209
	<u>6,30,093</u>	<u>28,06,562</u>

Cressanda Solutions Limited

Schedules attached to and forming part of the Balance Sheet as at March 31, 2011

**SCHEDULE - 3**

**Details of FIXED ASSETS as per Companies Act, 1956**

S.No.	Particulars	Rate	GROSS BLOCK					DEPRECIATION				NET BLOCK		
			01.04.10	Additions	Deletion	As on 31.03.11	As on 01.04.10	During the Year	Dep. On Deletion	As on 31.03.11	As on 31.03.11	As on 31.03.10		
1	Computers	40.00%	1,53,17,347	-	1,53,17,347	-	-	1,47,90,802	1,47,90,802	-	-	-	-	5,26,545
2	Machinery	13.91%	25,27,462	-	25,27,462	-	-	15,00,127	15,00,127	-	-	-	-	10,27,335
3	Air Conditioners	13.91%	23,22,217	-	23,22,217	-	-	14,11,268	14,11,268	-	-	-	-	9,10,949
4	Refrigerator	13.91%	12,850	-	12,850	-	-	11,146	11,146	-	-	-	-	1,704
5	EPABX Systems	13.91%	3,95,352	-	3,95,352	-	-	2,58,637	2,58,637	-	-	-	-	1,36,715
6	Furniture & Fixtures	18.10%	18,64,290	-	18,64,290	-	-	14,94,388	14,94,388	-	-	-	-	3,69,902
7	Cellular Phones	13.91%	4,64,413	-	4,64,413	-	-	3,23,188	3,23,188	-	-	-	-	1,41,225
8	Motor Cars	25.89%	39,46,466	-	39,46,466	-	-	35,96,698	35,96,698	-	-	-	-	3,49,768
9	Office Equipments	13.91%	11,27,936	-	11,27,936	-	-	6,97,388	6,97,388	-	-	-	-	4,30,548
10	Software	40.00%	6,66,407	-	6,66,407	-	-	5,47,111	5,47,111	-	-	-	-	1,19,296
11	Computer Software Licence	40.00%	1,62,698	-	1,62,698	-	-	1,04,070	1,04,070	-	-	-	-	58,628
12	Software Packages(Capitalised)		2,84,51,298	-	2,84,51,298	-	-	2,84,51,298	2,84,51,298	-	-	-	-	-
13	Bicycle	20.00%	4,830	-	4,830	-	-	1,953	1,953	-	-	-	-	2,877
14	Sign Board	18.10%	38,272	-	38,272	-	-	14,375	14,375	-	-	-	-	23,897
15	Battery	13.91%	21,660	-	21,660	-	-	6,209	6,209	-	-	-	-	15,451
16	Leasehold Improvements	-	79,05,000	-	79,05,000	-	-	79,05,000	79,05,000	-	-	-	-	-
17	Electric Equipments	13.91%	1,37,890	-	1,37,890	-	-	45,026	45,026	-	-	-	-	92,864
	<b>Total</b>		<b>6,53,66,388</b>	-	<b>6,53,66,388</b>	-	<b>6,53,66,388</b>	<b>6,11,58,685</b>	<b>6,11,58,685</b>	-	<b>6,11,58,685</b>	-	-	<b>42,07,703</b>
	Previous Year Total		6,52,99,753	66,635	-	-	6,53,66,388	5,87,92,263	23,66,422	-	6,11,58,685	42,07,703	65,07,490	

## **SCHEDULE 13**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ON BALANCE SHEET AS ON MARCH 31, 2011 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.

However, investment with the company Ecom Concepts (India) Private Limited has been written off completely during the year.

The company Ecom Concepts (India) Private Limited has applied for Easy Exit Scheme, 2010 and the net realisable value of its Equity Shares at the end of the year is zero.

##### **4. FIXED ASSETS AND DEPRECIATION**

The company had suspended all its services before the current financial year and major portion of the fixed assets have been sold by 10<sup>th</sup> of April and hence no depreciation has been charged. Fixed assets have been sold off at the net realisable value.

##### **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. During the year no further provision made due to termination of services of employees.

###### **Leave encashment**

During the year no further provision made due to termination of services of employees.

##### **6. FOREIGN CURRENCY TRANSACTIONS**

There has not been any foreign currency transaction during the year.

## **B. NOTES TO ACCOUNTS**

### **1. MANAGERIAL REMUNERATION**

Managerial remuneration paid to the director of the Company during the financial year 2010-11 was NIL as compared to Rs. 6,87,596/- paid for the financial year 2009-10. Mr. Rahul Agarwal, the Managing Director of the Company does not draw any remuneration from the Company.

### **2. SMALL SCALE INDUSTRY:**

As at March 31, 2011, the Company has no outstanding dues to small-scale industrial undertakings (Year ended on March 31, 2010 – 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 2010-11 CIF value of import of raw material, components and spare parts and capital goods is Nil (Financial Year 2009-10 is Nil)

### **5. EXPENDITURE IN FOREIGN CURRENCY**

During the financial year 2010-11, the company has not incurred any expenditure on traveling in foreign exchange as compared to Rs. NIL during the previous year 2009-10.

### **6. EARNINGS IN FOREIGN CURRENCY**

During the financial year 2010-11, the Company's earning in foreign exchange are given hereunder

<b>Nature of service provided</b>	<b>2010-11</b>	<b>2009-10</b>
Software Development Consultancy Services	NIL	Rs. 10,852,545

### **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 Company had only one Business Segment i.e. information technology services or software development consultancy services.

### **9. LOANS AND ADVANCES**

Unsecured Loan given to Ecom Concept (India) Private limited of Rs. 38,57,177/-, has been written off during the year as the company has applied for Easy Exit Scheme, 2010 and the net realisable value of the loan is NIL.

### **10. STATEMENT PURSUANT TO SECTION 212**

The audited financial accounts of the Cressanda Solutions Inc. (Subsidiary Company) are not available to us, so Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Company is not attached.

### **11. FIXED DEPOSITS**

Fixed Deposit of Rs. 45,000/- shown in the Balance Sheet is in the name of "Adroit Computer Technologies Pvt. Ltd". The above mentioned Fixed Deposit was acquired as part of merger with Adroit Computer Technologies Pvt. Ltd, but the registered name of the holder with Corporation Bank has not been changed till now.

## 12. AUDITORS' REMUNERATION

Auditors' Remuneration including service tax is given herein below:

*Amount In Rupees*

Particulars	For the Year Ended on March 31, 2011	For the Year Ended on March 31, 2010
Statutory Audit	30,000	77,210
Tax Audit	NIL	33,090
Other Capacity	11,030	NIL

## 13. 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:-

	F.Y. <u>2010-11</u>	F.Y. <u>2009-10</u>
Net Profit/ (Loss) after tax (Rs.)	(27,854,652)	(2,944,367)
Net profit/ (Loss) attributable to Equity share holders (Rs)	<u>(27,854,652)</u>	<u>(2,944,367)</u>

### 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)	(3.09)	(0.33)

## 14. 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
Mr. Rahul Agarwal	Managing Director
Mr. Rohit Agarwal	Director
Mr. M N Shenoy	Director
Mrs. Geetha Darbha	Director
Mr. Rohit Khaitan	Director



b) Transaction with Related Parties

<b>Name of the party</b>	<b>Transaction during the year (Rs)</b>	<b>Outstanding balance as on March 31, 2011 (Rs)</b>
Cressanda Solution Inc.	6,17,680	13,36,209 (Cr.)
Cressanda Solution UK Ltd	NIL	63,86,165 (Dr)
Global Fintech Private Limited	NIL	5,00,000 (Cr)
Mr. Rohit Agarwal (Advance)	2,00,000	7,98,214 (Cr)
Mr. Rahul Agarwal (Advance)	81,317	81,317 (Cr)

**15. CONTINGENT LIABILITY**

Contingent liability in respect of ESI contribution prior to registration , if any, not ascertainable

**16. 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 Agarwal Sangneria & Co.  
Chartered Accountants  
Firm Regn No. 317224E

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

**Bina Gupta**  
Partner  
C A Membership. No: 060269

Rahul Agarwal  
Director

Rohit Agarwal  
Director

M.N. Shenoy  
Director

Date: 27<sup>th</sup> June, 2011  
Place: Camp New Delhi

**Cressanda Solutions Limited**

**Balance Sheet Abstract & Company's General Business Profile**

**1 REGISTRATION DETAILS:**

Registration No.

State code

Balance Sheet date

					3	7	0	3	6
								1	1
3	1	-	0	3	-	2	0	1	1

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

Public Issue

Rights Issue

Bonus Issue

Private Placement

									N	A
									N	A
									N	A
									N	A

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

Total Liabilities

Total Assets

					1	0	5	5	0	0
					1	0	5	5	0	0

Sources of Funds:

Paid Up Capital

Reserve & Surplus

Secured Loans

Unsecured Loans

					9	0	0	0	0
					-	-	-	-	-
					-	-	-	-	-
					1	5	5	0	0

Application of Funds:

Net Fixed Assets

Investments

Net Current Assets

Miscellaneous Expenditure

Accumulated Losses

					-	-	-	-	-
					1	0	8	6	7
					5	9	3	4	
					-	-	-	-	-
					8	8	6	9	9

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

Turnover

Total Expenditure

Profit / -Loss before tax

Profit / -Loss after tax

									-	-
					2	7	1	0	6	
					(	2	7	0	8	2
					(	2	7	8	5	5

**5 PERFORMANCE OF THE COMPANY(Amount in Rs.)**

Basic Earnings Per Share in Rs.

Diluted Earnings Per Share in Rs

Dividend Rate (%)

					(	3	.	0	9	)	
					(	3	.	0	9	)	
									N	I	L

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

Item Code No. (ITC Code)

Product Description

										N	A																
										A	R	E															
										D	E	V	E	L	O	P	M	E	N	T							
																				S	E	R	V	I	C	E	S

**Gressandra Solutions Ltd.**

**11/3, Firni Road, Near MCD Boys Primary School, Smallha, New Delhi 110037**

Assessment Year: 2011-12  
 Status: Public Limited Company  
 PAN: AAAC6155B  
 DOI: 05/08/1985

**COMPUTATION OF TAXABLE INCOME**

<b>1) <u>Income from Business &amp; Profession</u></b>			
Net Profit/(Loss) as per Profit & Loss Account		(2,70,82,152)	
<b><u>Add: Expenses to be considered separately/disallowable</u></b>			
Security Deposit written back	53,150		
Gratuity Paid (Net)	3,50,000		
Investment written off	2,08,25,000		
Professional Charges ( Non- Deduction of TDS)	36,000		
P L Encashment	55,641		
Sundry balance written off	26,26,067		
Loss on sale of Fixed Assets	22,62,445	2,62,08,303	
			(8,73,850)
<b><u>Less: Income to be considered separately</u></b>			
Interest on IT Refund	13,728		
Miscellaneous income	6,474	20,202	
			(8,94,052)
<b><u>Less: Expenses to be allowed</u></b>			
Gratuity paid		3,50,000	
P/L Encashment		55,641	
			(12,99,693)
<b>2) <u>Capital Gains</u></b>			
Short term loss on sale of Fixed Assets		(22,62,445) C/F	
Investments written off (Long Term)		(2,08,25,000)	
			(2,30,87,445)
<b>3) <u>INCOME FROM OTHER SOURCES</u></b>			
Interest on IT Refund	13,728		
Miscellaneous income	6,474	20,202	20,202
			(12,79,491)
		<b>TOTAL INCOME</b>	<b>(12,79,491)</b>
		<b>ROUNDED OFF</b>	<b>(12,79,490)</b>
<b>NOTES:</b>			
<b>1) <u>Tax Liability</u></b>			
			NIL
<b>2) <u>Calculation of Tax u/s 115JB</u></b>			
Net Profit / Loss as Per Profit & Loss Account		(2,70,82,152)	
		<b>TOTAL INCOME</b>	<b>(2,70,82,152)</b>
		<b>ROUNDED OFF</b>	<b>(2,70,82,150)</b>

- 3) Since there is Book Loss, so MAT provisions u/s 115JB is not applicable to the Company.
- 4) Following business losses are to be carried forward for setoff in subsequent years.

Sl.No	Assessment Year	Amount as Returned	Amount as Assessed
1	2005-2006	1,18,76,704	1,18,76,704
2	2006-2007	72,25,189	72,25,189
3	2010-2011	19,68,204	Not yet assessed
4	2011-2012	12,79,490	
	<b>Total</b>	<b>2,23,49,587</b>	

- 5) Following unabsorbed depreciation are to be carried forward for setoff in subsequent years.

Sl.No	Assessment Year	Amount as Returned	Amount as Assessed
1	2001-2002	27,60,540	27,60,540
2	2002-2003	43,05,341	43,05,341
3	2005-2006	1,36,42,117	1,36,42,117
4	2006-2007	70,07,031	70,07,031
5	2007-2008	41,53,472	41,53,472
6	2010-2011	11,86,615	Not yet assessed
	<b>Total</b>	<b>3,30,55,116</b>	

- 6) Following Short term capital loss is to be carried forward for set off in subsequent years

Sl.No	Assessment Year	Amount as Returned	Amount as Assessed
1	2011-12	22,62,445	

- 7) The bills of the prior period expenditure reached the assessee after the expiry of F.Y. 09-10, the assessee followed the decision of Calcutta High Court in this matter vide case law Satna Stone & Lime Co. Ltd 192 ITR 478 Kol.