

annual  
report 2013

# Transforming your IT



**CTE**

CAMBRIDGE TECHNOLOGY ENTERPRISES

**BOARD OF DIRECTORS :**

- |                      |   |                                    |
|----------------------|---|------------------------------------|
| 1. Stefan Hetges     | - | Director & Chief Executive Officer |
| 2. D R R Swaroop     | - | Whole-time Director                |
| 3. Venkat Motaparthy | - | Independent Director               |
| 4. Anand Mallipudi   | - | Independent Director               |

**AUDIT COMMITTEE :**

- |                      |   |          |
|----------------------|---|----------|
| 1. Venkat Motaparthy | - | Chairman |
| 2. D R R Swaroop     | - | Member   |
| 3. Anand Mallipudi   | - | Member   |

**BANKERS :**

Axis Bank Limited

**STATUTORY AUDITORS :**

P. Murali & Co.  
Chartered Accountants  
6-3-655/2/3, Somajiguda  
Hyderabad 500 082  
Andhra Pradesh, India

**COMPANY SECRETARY :**

V Ramana Reddy

**REGISTERED & CORPORATE OFFICE :**

Plot No 8-2-269/A/2/1 to 6, 1<sup>st</sup> Floor  
West Wing, Cyber Spazio  
Road No. 2, Banjara Hills  
Hyderabad - 500 033  
Andhra Pradesh, India

**REGISTRAR AND SHARE TRANSFER AGENTS :**

Aarthi Consultants Private Ltd.,  
1-2-285, Domalguda, Hyderabad – 500 029  
Andhra Pradesh, India  
Tel: +91-40-27638111,  
Fax: +91-40-27632184  
[info@arthiconsultants.com](mailto:info@arthiconsultants.com)

**14<sup>th</sup> ANNUAL GENERAL MEETING**

Day : Monday  
Date : 30<sup>th</sup> December, 2013  
Time : 3.30 p.m.  
Venue : Hotel Aditya Park Inn, Senate 1,  
Aditya Trade Centre,  
Ameerpet, Hyderabad - 500 038  
Andhra Pradesh, India

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# **Management Team**

**Stefan Hetges, Director & Chief Executive Officer**

Stefan Hetges started his career as a consultant at Cambridge Technology Group. In 1993, he joined i-Cube as the first employee and was instrumental in the company's growth and later became responsible for i-Cube's Europe an business. The company grew to over \$100 million in revenue and went public in 1998. In 1999, i-Cube was acquired by razorfish. In 2001, Stefan acquired the assets of i-Cube from razorfish in a management buy out and formed smartShift. Stefan has a Masters in Computer from University of Constance.

**Arjun Chopra, Chief Technology Officer**

Arjun Chopra is the Chief Technology Officer at CTE. He is also the CEO of Vox Holdings, a company he founded in 2006 to spur the creation, consumption and monetization of Open Source Software. Arjun holds multiple technology patents, has worked extensively with Open Source Software for over 10 years and has held several technology development and management positions in Consumer and Enterprise software companies, including Microsoft, Motive and IBCC. He has a BS in Computer Sciences with Highest Honors from The University of Texas at Austin, where he was an Endowed Presidential scholar, and an MBA from Harvard Business School, where he was one of 32 nation-wide PD Soros Fellows.

**Joerg Wirthmann, Senior Vice President of Sales, Europe**

Joerg Wirthmann joined CTE as part of the recent acquisition of smartShift GmbH along with Stefan. At smartShift GmbH, Joerg was responsible for all world wide sales as well as channel partnership establishment and management. Prior to smartShift GmbH, Joerg held senior sales positions at PeopleSoft, later acquired by Oracle, where he was in charge of Oracle's Application Business Unit. Joerg has over 15 years of experience in sales and management, with past positions at leading IT enterprises, including IDS Scheer, People Soft, Unisys and Vantive. Joerg holds a Master's Degree in Computer Science from Technical University, Darmstadt and a Master's in Business Administration from Schiller International University, Florida.

# Notice

**NOTICE**

**NOTICE** is hereby given that 14<sup>th</sup> Annual General Meeting of the Cambridge Technology Enterprises Limited will be held on Monday, the 30<sup>th</sup> day of December, 2013 at Hotel Aditya Park Inn, Senate 1, Aditya Trade Centre, Ameerpet, Hyderabad - 500 038 at 3.30 p.m. to transact the following business:-

**Ordinary Business:**

1. To receive, consider and adopt the Balance Sheet of the Company as at 31<sup>st</sup> March, 2013 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors' thereon.
2. To appoint Anand Mallipudi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint P.Murali & Co., Chartered Accountants, Hyderabad, the retiring Auditors, as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to authorize the Board to approve their remuneration.

For and on behalf of the Board

Sd/-

**V Ramana Reddy**  
Company Secretary

Place : Hyderabad  
Date : 29<sup>th</sup> November, 2013

**Notes:**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The Proxy form, in order to be effective, must be deposited at the registered office of the Company not less than 48 hours before commencement of the meeting.
3. The Register of Members and Share Transfer books shall remain closed from Friday the 27<sup>th</sup> day of December, 2013 to Monday the 30<sup>th</sup> day of December, 2013 (both days inclusive).
4. The members holding shares in the dematerialized mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name etc., to their Depository Participant (DP). These changes will be automatically reflected in the Company's records which will help the Company to provide efficient and better service to the members.
5. Members desiring to seek any information/clarifications on the annual accounts are requested to write to the Company at least 7 (Seven) days before the date of AGM to enable the management to compile and keep the information ready.
6. Corporate members intending to send their Authorized Representatives to attend the meeting are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the meeting.
7. Members/proxies are requested to bring their copies of Annual Reports to the meeting. Copies of Annual Reports will not be provided at the meeting.
8. Physical Share Transfers - PAN Copy:

Investors are requested to note that in terms of SEBI Directives, in case of private transaction involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of such transfer of shares.

# **Directors' Report**

## Directors' Report

Dear Shareholders,

We are happy to present on behalf of the Board of Directors, the 14<sup>th</sup> Directors' Report along with the Balance Sheet, and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2013.

### Financial Performance

Key elements of financial performance of Cambridge Technology Enterprises Limited (CTEL) on consolidated and standalone basis is as below:

(₹ in millions)

S.No.	Particulars	Consolidated Results		Stand Alone Results	
		FY 2013	FY 2012	FY 2013	FY 2012
1	Revenue from operations	904.76	749.98	217.98	307.94
2	Expenses	(1,059.91)	(736.81)	(427.03)	(196.09)
3	Depreciation & Amortization	(10.36)	(98.41)	(4.76)	(83.05)
4	Profit from operations before interest, other income and exceptional items	(166.39)	(85.24)	(213.81)	28.80
5	Finance Charges	(23.79)	(28.99)	(1.41)	(5.36)
6	Other Income	122.89	23.02	14.95	20.65
7	Impairment of intangible assets	-	(44.52)	-	(30.25)
8	Impairment of goodwill	-	(458.10)	-	-
9	Prior period expenses	(10.54)	15.01	(10.54)	15.01
10	Change in carrying value of investments	-	-	(272.90)	(37.78)
11	Profit from Ordinary Activities Before Tax	(76.94)	(578.82)	(483.71)	(8.93)
12	Extra-ordinary item	(52.30)	-	-	-
13	Tax Expense	(6.16)	9.49	(2.91)	10.53
14	Net Profit	(135.40)	(569.33)	(486.62)	1.60
15	Profit & Loss Account Balance Brought Forward	(38.93)	(124.86)	178.95	177.35
16	Amount Available for Appropriation	(174.33)	(694.19)	(307.66)	178.95

#### a. Consolidated Results for FY 2013

Your Company has achieved a turnover of ₹ 904.76 Mn for the year ended 31<sup>st</sup> March, 2013, as against a turnover of ₹ 749.98 Mn in the previous year and posted operating loss of ₹ 166.39 Mn versus an operating loss of ₹ 85.24 Mn recorded in the previous financial year. Net Loss for the year ended 31<sup>st</sup> March, 2013 was ₹ 135.40 Mn, and the same was ₹ 569.33 Mn, for the year ended 31<sup>st</sup> March, 2012. Detailed analysis of consolidated financial statements is given in Management Discussion and Analysis Report forming part of this Annual Report.

**b. Standalone Results for FY 2013**

CTEL has achieved a turnover of ₹ 217.98 Mn for the year ended 31<sup>st</sup> March, 2013, as against a turnover of ₹ 307.94 Mn in the previous year. The Company posted an operating loss of ₹ 213.81 Mn for the year under review, whereas it was a profit of ₹ 28.80 Mn in the year ending 31<sup>st</sup> March, 2012. Net Loss for the year ended 31<sup>st</sup> March, 2013 was ₹ 486.62 Mn, and the same was a profit of ₹ 1.60 Mn, for the year ended 31<sup>st</sup> March, 2012. Detailed analysis of stand-alone financial statements is given in Management Discussion and Analysis Report forming part of this Annual Report.

**Dividend**

Keeping in view the difficult operating environment that prevailed in the year gone by and the expected cash flow requirements for the future growth of the Company, your Directors were not able to recommend any dividend for the financial year ended 31<sup>st</sup> March, 2013.

**Employee Stock Option Scheme**

The details of employee stock option as on 31<sup>st</sup> March, 2013 are given as Annexure-1 to this report, as per Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

**Corporate Governance Report**

A detailed report on the Corporate Governance practices of the Company is given as a separate section in this annual report.

**Management Discussion and Analysis Report**

A detailed Management Discussion and Analysis is provided in the annual report, as a separate report.

**Subsidiary Companies**

During the financial year your Company has made an application with the High Court of Karnataka for merger between the company and Cambridge Technology India Private Limited (formerly Q-soft Systems & Solutions Private Limited), Bangalore., The debt holders of smartShiftgroup Limited (formerly Cambridge Technology Enterprises - Mauritius Limited) exercised their right to convert their debt into equity shares, which consequently lead to dilution of equity held by your company. The residual shareholding tuning to 29.68%, in smartShiftgroup Limited (formerly Cambridge Technology Enterprises - Mauritius Limited) was sold to smartShiftgroup Inc., for a consideration of USD 25,000.

Your company had made an application on 10<sup>th</sup> May, 2013 to Reserve Bank of India for write off of trade receivables due from erstwhile foreign subsidiary smartShift Technologies Inc., (formerly Cambridge Technology Enterprises Inc.) and also for ratification of the transaction involving the sale of shares of the overseas subsidiary smartShift Group Limited (formerly Cambridge Technology Enterprises - Mauritius Limited). Company is waiting for disposal of these two applications by the Reserve Bank of India.

The members may refer to the statement under Section 212 of the Companies Act, 1956 and information on the financials of subsidiaries appended to the above statement under Section 212 of the Companies Act, 1956 in this Annual Report for further information on these subsidiaries.

Your company had filed merger petition on 18<sup>th</sup> July, 2013 before the Hon'ble High Court of Karnataka for merger of the Company's 100% subsidiary M/s. Cambridge Technology India Private Limited ("CTIPL"), Bangalore with its Holding company viz., Cambridge Technology Enterprises Limited in order to have efficient integration and greater financial strength and flexibility consequent to the proposed amalgamation of CTIPL.

The Ministry of Corporate Affairs vide its General circulars has laid down a set of conditions upon fulfillment of which, Ministry has conferred automatic exemption from attaching subsidiary financials to the financials of the Company for the financial year 2012-13. Your company has complied with those conditions and hence consolidated financials with rupee equivalents, wherever applicable are made available in this annual report.

The members desiring to obtain a copy of the financials of the Subsidiary Companies may write to the Company Secretary at the registered office of the Company.

### **Directors' Responsibility Statement**

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors confirm as under:

- i. In preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. We 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 2012-13 and of profit of the Company for that period;
- iii. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. We have prepared the annual accounts on an on-going concern basis.

### **Fixed Deposits**

Your Company had not accepted any fixed deposits under Section 58A of the Companies Act, 1956 and hence no amount of principal or interest was outstanding as on the Balance Sheet date.

### **Directors**

Mr. Anand Mallipudi, Independent Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. A brief profile of Mr. Anand Mallipudi, retiring director is given in the Corporate Governance section of this Annual Report.

During the year under review Mr. Samir Bhatia, Director & Chief Financial Officer had resigned w.e.f. 1<sup>st</sup> March, 2013 and Mr. L Sridhar, Independent director resigned w.e.f. 21<sup>st</sup> December, 2012. The Board of Directors places on record its appreciation for the services rendered by them during their tenure as Directors.

### **Auditors**

The Statutory Auditors of the Company P Murali & Co., Chartered Accountants retiring at this Annual General Meeting have confirmed their eligibility and willingness to accept the office of Statutory Auditors, if re-appointed for the next financial year. The Audit Committee and the Board of Directors recommend P Murali & Co., as the Statutory Auditors of the Company for the financial year 2013-14 subject to the shareholders approval.

### **Particulars of Employees**

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are not applicable.

### **Conservation of energy, technology absorption, foreign exchange earnings and outgo:**

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rule, 1988 are set out in Annexure - 2 to the Directors' Report.

**Acknowledgement**

Your Board places on record its sincere appreciation for the significant contribution made by the employees through their dedication, hard work and commitment and standing by us through the difficult times and for the trust reposed in us by our clients.

Your Directors also acknowledge the support and wise counsel extended to us by the analysts, bankers, government agencies and shareholders at large. We look forward to having the same support in our endeavor to serve our clients better.

**For Cambridge Technology Enterprises Limited**

Sd/-  
**D.R.R. Swaroop**  
Wholetime Director

Sd/-  
**Venkat Motaparthi**  
Independent Director

Place : Hyderabad  
Date : 29<sup>th</sup> November, 2013

**Annexure to the Director's Report**
**Annexure - 1**

Pursuant to the provisions of Guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, as amended, the details of stock options as on March 31, 2013 under CTEL Employee Stock Option Scheme 2006 and CTEL Employee Stock Option Scheme 2008 and CTEL ESOP Scheme 2011 are as under:

**Summary of status of ESOPs granted:**

S.No.	Particulars	CTEL Employee Stock Option Scheme - 2006	CTEL Employee Stock Option Scheme - 2008	CTEL ESOP Scheme 2011
1	Approved options	1,500,000	1,500,000	1,045,000
2	Options Granted	1,236,542	1,500,000	644,000
3	Options vested	116,238	73,881	118,300
4	Options unvested	300	Nil	25,700
5	Options exercised	20,954	1,025,015	Nil
6	Options lapsed	1,099,050	401,104	480,000
7	Total number of options in force	116,538	73,881	144,000
8	Variation in terms of ESOP	Clause for recovery of FBT from employees incorporated	Not Applicable	Not Applicable
9	Total number of shares arising as a result of exercise of options	Nil (exercised shares issued from the ESOP Trust)	Nil (exercised shares issued from the ESOP Trust)	Not Applicable
11	Money realized by exercise of options (₹)	Nil	Nil	Nil
12	Diluted EPS pursuant to issue of shares on exercise of option calculated in accordance with AS 20	Not Applicable	Not Applicable	Not Applicable
13	A description of the method and significant assumptions used during the year to estimate the fair values of the options:			
	<b>Description</b>	<b>Details</b>		
	A description of the method and significant assumptions used during the year to estimate the fair values of the options, including the following weighted average information:	The Fair value of options was calculated using the Black Scholes option pricing model. The following assumptions have been used:		
	i. Risk free interest rate	6.73% - 7.85%		
	ii. Expected life	3 - 4 years		
	iii. Expected volatility	63.77% to 72.66%		
	iv. Expected dividends	0%		
	v. The price of the underlying share in market at the time of option grant	Market Price		

**A. Employee - wise details of options granted to:**

- a. Senior managerial personnel - Not Applicable
- b. Any other employee who received a grant in any one year of options amounting to 5% or more options granted during the year - Not Applicable
- c. Identified employees who were granted options during any one year equal to or exceeding 1% of issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant - Not Applicable

**B. Weighted average exercise price fair value of options granted during the year whose:**

1	Exercise price equals market price	Yes
2	Exercise price is greater than market price	Nil
3	Exercise price is less than market price	Nil

- C. The stock based compensation cost calculated as per the fair value method prescribed by SEBI, to be recognized in the financial statements for the year 2012-13 would be ₹ Nil.

**Annexure - 2**
**Conservation of energy, technology absorption, foreign exchange earnings and outgo**

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 are as under:

**1. Conservation of Energy:**

Software Industry is not power intensive. However, your company is working towards being environment friendly and has taken adequate measures to conserve energy, wherever possible.

**2. Technology Absorption:**

Provision of state of the art communication facilities to all software development centers and total technology solutions to its clients contribute to technology absorption and innovation.

**3. Foreign Exchange Earnings and Outgo:**

(₹ in millions)

Particulars	2012-13	2011-12
Foreign Exchange Earnings	195.94	295.39
Foreign Exchange Outgo	21.75	78.51

**For Cambridge Technology Enterprises Limited**

Sd/-

**D.R.R. Swaroop**

Wholetime Director

Sd/-

**Venkat Motaparthi**

Independent Director

Place : Hyderabad

 Date : 29<sup>th</sup> November, 2013

# Management Discussion and Analysis Report

In the last 2 years, companies are asking whether the cloud makes sense. Today the question has definitely moved from “if” to “when” will cloud be implemented. All companies are talking about the services around cloud and have reached not only start-ups but also small and mid-size organizations. CTE will further focus their cloud effort in this segment. The growth numbers IaaS (infrastructure as a Service) providers are increasing, and so will the demand for turnkey solutions.

We have extended our strategy services in the last year and are well positioned to guide companies based on their business needs with questions like: How does the cloud make sense for my organization? What savings and ROI can be expected? Which applications are good candidates for moving? What are the risks? What are the security considerations? Compliance considerations? What about Private Clouds? CTE will work closely with customers to assist them in determining the optimal path to the cloud.

CTE has continued to develop intellectual property to assist companies in transforming their existing applications to cloud-based solutions. These could involve migrating business logic and data from existing system to 3<sup>rd</sup> party ‘Software-as-a-Service’ applications, or by moving existing applications like SAP or Pega to cloud-based implementations of the same. We also see a growing amount of “true” legacy like Mainframe applications that are considered for a cloud Migration.

CTE’s offering is focused on enhancing its solutions to address these use cases, and CTE has already seen success with several customers.

Once the applications are running in the cloud, CTE’s Monitoring and ManagingService offering will deliver SLA-driven 24/7 Managed Services to the customers, so they can focus on their business and not to worry about the security and availability of their applications. That service we target specifically non-IT companies that want to use their resource to focus on their core competence, while we focus on our – the Cloud.

By focusing on the entire lifecycle of services, CTE continues to offer a comprehensive suite of solutions to customers who wish to truly leverage the cloud for their business.

### **Introduction: Trends in IT services in 2011**

Some of the major trends in the post economic recession world include outsourcing and the expansion of cloud services, especially cloud maintenance and infrastructure services. For instance, the traditional in-house vis-à-vis outsourced services have gone through a major shift as more and more applications have moved to the cloud. This is blurring the lines between in-house and web-based/outsourced services as a result of which IT managers are moving more towards a SOA model. This is also changing the whole notion about software lifecycle management.

#### **smartShift’s offerings:**

### **1. Cloud, SAP and Enterprise Applications**

#### **Market Opportunities**

- Recent IDC cloud research shows that Worldwide revenue from public IT cloud services exceeded \$21.5 billion in 2010 and will reach \$ 72.9 billion in 2015, representing a compound annual growth rate (CAGR) of 27.6%. This rapid growth rate is over four times the projected growth for the worldwide IT market as a whole (6.7%). By 2015, one of every seven dollars spent on packaged software, server, and storage offerings will be through the public cloud model. The cloud movement is about much more than the cloud. Cloud cannot be sufficiently understood as a standalone phenomenon in the IT market, but rather as a core ingredient of a larger transformation of the IT industry - and many other industries using IT to transform themselves. Other ingredients enabled by cloud - and, in turn, accelerating cloud adoption - include the expanding “species” of mobile devices, the explosion of mobile apps, the growing availability of wireless broadband, and the explosion of big data tools.
- The overall trends in the SAP landscape in 2012 were pushed around the new service offering SAP HANA. It also includes an increasing thrust on Cloud Adoption and enablement as well as application lifecycle management, business intelligence and

performance management, enterprise information management, business process management, integration and collaboration, custom development, security, compliance, identity and access management and mobile.

CTE provides an array of enterprise solutions including Application Development, Application Transformation, Application Cloud Enablement, Oracle DB/MW application management, Oracle application support, and Hosting and Managed solutions.

**2. Application Development**

**Cambridge Collaborative Delivery™**

CTE’s unique CCD™ methodology combines intensive workshops, solution visualization, and spiral-based Rapid Application Development (RAD) to achieve demonstrable value in short business cycles. The company further provides custom solutions when the demand arises.

**3. Oracle DB/MW application management**

The intent of application management is to provide the customers with the Quality Support Services they need.

**a. Middleware Management**

CTE provides support around Oracle’s Fusion Middleware products, with special focus on Enterprise Application Server (Oracle Application Server), Systems Management, Business Intelligence, User Interaction, Identity Management and Process Management tools.

**b. Oracle Application Server Support**

Oracle application server support is an integrated, standard-based software platform that delivers personalized applications through enterprise portals and mobile devices. It provides Real-Time Business Intelligence, Integrated Applications and Automated Business Processes which enables organizations of all sizes to be more responsive to changing business requirements. CTE provides the following services:

- Oracle Application Server Deployment Scenario Planning, Installation and Configuration of all Components, Administration Services / Maintenance;
- Implementation of Oracle HTTP Server, Web Cache, Clustering Implementation of Security, Back-up Strategy;
- Deployment of J2EE and Oracle Forms and Reports, PL / SQL, CGI and PERL Applications, Migration of Active Server Payer onto 9iAS/10gAS
- Performance Tuning of all 9iAS/10gAS Components
- Other activities like Application of Patches and Bug Fixtures, Recovery of Database, etc.

**4. Oracle application support**

**Oracle Application Server Support**

Oracle application server support is an integrated, standard-based software platform that delivers personalized applications through enterprise portals and mobile devices provide Real-Time Business Intelligence, Integrated Applications and Automated Business Processes, which enables organizations of all sizes to be more responsive to changing business requirements.

**5. Hosting and Managed solutions**

CTE provides a complete managed services solution that include hosting of the existing hardware, provisioning new hardware for internet & network connectivity, monitor servers, network, database and applications to ensure system availability meeting the service level expectation.

**CTE’s hosting and management portfolio at a glance:**

**a. Application Hosting and Maintenance:**

CTE installs, deploys, and maintains applications and databases. L1, L2, and L3 supports are provided as part of maintenance and support.

**b. Application and Database Monitoring Service:**

CTE takes responsibility for monitoring our customers' applications and databases to ensure that they operate properly and continuously on a 24x7 basis. We also ensure support for optimum performance, reliability and availability.

**c. Server Management:**

CTE provides 24x7 operating system and server hardware monitoring and management services, as well as the provisioning, monitoring, and management of storage area networks (SANs).

**d. Firewall Management:**

CTE provides a well-managed firewall service when hosting customer applications that require a high degree of security protection and monitoring. This solution includes the installation and configuration of the system, ongoing management and the monitoring and maintenance of the system.

**e. Network Services:**

CTE actively monitors and manages the data center network infrastructure, including the access-layer Ethernet switches that connect the customer servers. CTE provides hardware maintenance, change management and patch management service on a 24x7 basis.

CTE network services provide co-location customers with custom network design, installation and ongoing network support services.

CTE also performs 24x7 monitoring of network infrastructure components, such as core routers and switches, distribution and access switches and load balancing switches.

**f. Backup Management:**

CTE provides 24x7 backup services for files and databases on CTE-managed servers. With our backup services, CTE provides other ongoing services such as the backup and restoration of files, monitoring backup processes, problem management and change management.

**g. Customer Care Portal:**

CTE provides a secure, web-based application and systems management portal. We provide best-of-breed tools that support the detection and diagnosis of events affecting the performance and availability of customers' applications and systems. We utilize a more efficient process of handling service requests, to facilitate collaborative management between multiple interested parties.

**h. Connectivity:**

CTE offers several managed services that provide high-speed Internet access and private-line connectivity (P2P). CTE offers multi-megabit Internet connectivity (IP Connectivity) at varying levels of bandwidth, price and redundancy to meet the customer's requirements

**Threats:**

The risks that face the company are the ones that face the industry and these are monitored periodically. These risks include cut down in IT budgets, volatility in currencies and withdrawal of tax benefits etc. Other risks that are closely monitored are risks of client concentration, geographical spread, competition and financial stability of our customers etc.

**Review of Consolidated Balance Sheet**

(₹ in millions)

Particulars	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
Shareholder's Funds		
(a) Share Capital	196.31	196.31
(b) Reserves and Surplus	51.38	(601.76)
Long term borrowings	-	741.82
Long term provisions	8.16	10.97
Deferred Tax Liabilities (Net)	0.49	-
<b>TOTAL</b>	<b>256.34</b>	<b>347.34</b>
Consolidated Goodwill	122.14	260.96
Fixed Assets	9.97	40.92
Deferred tax asset	-	5.03
Current Assets, Loans and Advances		
(a) Current Investment	-	-
(b) Inventories	-	0.54
(c) Sundry Debtors	94.89	128.91
(d) Cash and Bank Balances	29.20	35.84
(e) Loans and Advances	28.56	76.79
(f) Other current assets	28.71	101.43
Less: Current Liabilities and Provisions		
(a) Current Liabilities	(28.70)	(235.20)
(b) Provisions	(28.43)	(67.88)
<b>TOTAL</b>	<b>256.34</b>	<b>347.34</b>

## a. Paid up share capital

Paid up share capital of the Company stands at ₹ 196.31 Mn constituting 19,631,015 shares. There was no change in the paid up capital from previous year.

**b. Reserves and Surplus**

Reserves and Surplus have increased from negative ₹ 601.76 Mn in FY 2011-12 to ₹ 51.38 Mn in FY 2012-13. It must be noted that this figures are not immediately comparable as there has been a sale of subsidiary and thus these balances don't appear in the 2013 consolidated figures. The consolidated loss for the year amounts to ₹135.4 Mn FY 2012-13 as against ₹ 569.33 Mn for FY 2011-12.

**c. Secured & Unsecured Loans**

Secured Loans, secured against current assets and fixed assets of the Company have reduced to Nil in FY 2012-13 as against ₹ 91.11 Mn in FY 2011-12. The reduction in Bank borrowings by CTEL and CTIPL is due to the repayment of ₹ 41.67 Mn from cash flows that came in from the sale of building at Bangalore. Further reduction of ₹ 49.48 was reduced as a result of sale of the Company's subsidiary smartShiftgroup Limited at Mauritius on the 26<sup>th</sup> of March 2013.

**d. Goodwill**

The reduction in goodwill of ₹ 138.82 Mn is due to the sale of the Company's subsidiary at Mauritius. The current balance of goodwill pertains to its investment in CTIPL. The balance of goodwill as of 31<sup>st</sup> March, 2013 stands at ₹ 122.14 Mn as compared to ₹ 260.96 Mn as on 31<sup>st</sup> March, 2012.

**e. Fixed Assets**

Gross fixed assets have gone down from ₹ 40.92 in FY 2011-12 to ₹ 9.97 Mn in the current financial year under review, a decrease of ₹ 30.95 Mn. Significant transactions in fixed assets are as below:

- 1) **Tangible Assets:**There has been a sale of Land and building in Bangalore facility which brought in cash flows of ₹ 95.0 Mn. Addition to Computers was Software ₹ 5.90 Mn. Additions to other assets is not significant. Depreciation for the period amounted to ₹ 10.36Mn.
- 2) **Intangible Assets:**The Company does not own any intangible assets as of 31st March, 2013.

**f. Debtors**

Receivables exceeding more than 6 months have decreased from ₹ 18.12 Mn in FY 2011-12 to ₹ 0.58Mn due to better collection practices adopted by the Company during the current financial year under review. Remaining debtors are also considered good and realizable. Debtors of less than 6 months old have gone down from ₹ 110.79 Mn (69 days) in FY 2011-12 to ₹ 94.31 Mn(38 days) in FY 2011-12. Establishment of better debtor's management practices has yielded debtors realizations faster.

**g. Loans & Advances**

Short term loans and advances have gone down by ₹ 48.23 Mn from ₹ 76.79 Mn in FY 2011-12, to ₹ 28.56 Mn during the current year under review. The major reason for decrease is due to the reduction in payable to group companies by ₹ 63.43 Mn which need not be payable consequent to sale of the Mauritius subsidiary.

**h. Current Liabilities**

Current Liabilities have gone down from ₹ 303.08 Mn from FY 2011-12 to ₹ 57.13 Mn as on 31st March, 2013. This is due to repayment of ₹ 91.11 Mn to banks towards short term loans and cash credit. Trade payables have also been reduced by ₹ 53.14 Mn which includes a write back of payables of ₹ 23.96 Mn. Current liabilities have also reduced substantially after the disposal of the Mauritius subsidiary and hence the figures are readily not comparable with that of previous year figures.

**Review of Consolidated Profit & Loss Account**

(₹ in millions)

Particulars	31st March, 2013	31st March, 2012
Income from Operations	904.76	749.98
Profit from Operations before other income, interest, and exceptional items	(66.40)	(85.24)
Other Income	122.89	23.02
Interest and finance charges	22.90	(28.99)
Impairment of intangible assets	-	(44.52)
Impairment of goodwill	-	(458.10)
Exceptional items	(10.54)	15.02
Profit before tax	(76.94)	(578.81)
Tax Expense	(6.16)	9.49
Net Profit/(loss) for the year	(135.40)	(569.32)

Note : Since the corporate structure has changed from March 2012 to March 2013, all figures are not comparable. The Consolidated P&L figures do include the revenues and expenses only until the date of sale of investment.

**a. Income from Operations**

Operating revenue has increased by 20.64% from FY 2011-12 to ₹904.76 Mn during the year under review. Substantial contribution to the revenues has come from CTE Inc. (₹ 681.24 Mn) and from smartShift GmbH (₹ 133.67 Mn).

**b. Expenditure**
**i. Employee Cost**

Employee cost including salaries, bonus, and other staff welfare expenses have gone up by 1.26%, from ₹ 440.80 Mn in FY 2011-12 to ₹ 445.64 Mn during the current financial year. The increase in employee costs are less than the increase in revenues. Employee cost being the highest cost factor in the total cost, management has been focusing in cost rationalization on this front and improving bottom line.

**ii. Contract Employee Cost**

There was a reduction in contract employee cost by ₹ 16.90 Mn from ₹ 119.64 Mn in FY 2011-12 to ₹ 102.75 Mn in FY 2012-13, i.e., a reduction of 14.12 %. New projects are being executed by the Company with available resources and gradually reducing dependency on sub-contractors. This has ensured cost optimization.

iii. General and Administrative Expenses

General and administrative expenses have gone up by 35.52%, to ₹ 238.19 Mn from ₹ 175.76 Mn in the previous year. This excludes ₹ 272.90 Mn arising from loss on sale of investments in subsidiary. Major items that contributed to the increment were Insurance ₹ 1.3 Mn, Rent ₹ 7.4 Mn, computer hire charges ₹ 2.3 Mn, Software licenses by 9.62 Mn and Bad debts by ₹ 10.5 Mn. Major reductions in this category were sales & marketing ₹ 10.2 Mn, consultancy charges by 1.52 Mn, managerial remuneration by ₹ 1.05 Mn, dues & subscriptions by ₹ 1.17 Mn.

c. Depreciation

There was a reduction in depreciation expenses from ₹ 98.41 Mn to ₹ 10.36 Mn in the current financial year. In FY 2012, the internally developed software was completely written off which has resulted in lesser depreciation cost in the current year.

d. Other Income

There is a substantial increase in other income in the current year. Other income has increased from ₹ 23.02 Mn, during FY 2011-12 to ₹ 122.89 Mn in the current period under review. That is increase of 434% primarily contributing from sale of land and building owned by subsidiary company, CTIPL at Bangalore. The profit on sale of land and building was ₹ 73.36 Mn. Other income also includes Accounts payables written back to the extent of ₹ 23.96 Mn.

e. Interest and Finance charges

Interest and finance charges have decreased by 21% from ₹ 28.99 Mn in FY 2011-12 to ₹ 22.90 Mn during the current financial year. Interest on working capital loans has come down to ₹ 2.78 Mn in the current financial year versus ₹ 9.67 in the previous year, because of better cash flows, thereby reduced reliance of utilization of working capital facilities. Interest on other loans remained almost same from previous year.

f. Profit After Tax

The bottom line has reduced loss from ₹ 569.338 Mn in FY 2010-11 to a loss ₹ 135.40 Mn during the current year. The high reduction in loss is due to the fact that there was an impairment loss of ₹ 458.10 Mn and write off of intangible assets of ₹ 44.52 Mn during FY 2011-12. There was also a waiver of loan receivable in the German Subsidiary of ₹ 52.30 Mn in the current year which has contributed to the consolidated loss. Without these one-time items, the loss would have been ₹ 83.099 Mn versus ₹ 66.71 Mn in previous year. Management is putting much emphasis on improving the profitability of the Company along with increased business.

**Review of Standalone Balance Sheet**

(₹ in millions)

Particulars	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
Shareholder's Funds		
(a) Share Capital	196.31	196.31
(b) Reserves and Surplus	(60.08)	426.53
Long term provisions	5.24	6.55
Deferred Tax Liabilities	4.58	1.67
<b>TOTAL</b>	<b>146.05</b>	<b>631.06</b>
Fixed Assets	8.32	10.69
Non current investments	135.49	409.75
Current Assets, Loans and Advances		
(a) Current Investment	-	-
(b) Sundry Debtors	72.39	242.00
(c) Cash and Bank Balances	23.19	27.78
(d) Loans and Advances	25.65	8.88
(e) Other current assets	11.24	33.40
Less: Current Liabilities and Provisions		
(a) Current Liabilities	(109.64)	(73.91)
(b) Provisions	(20.59)	(27.53)
<b>TOTAL</b>	<b>146.05</b>	<b>631.06</b>

**a. Paid up share capital**

Paid up share capital of the Company stands at 196.31 Mn constituting 19,631,015 shares. There was no change in the paid up capital from previous year.

**b. Reserves and Surplus**

Reserves and Surplus had decreased ₹ 426.53 Mn in FY 2011-12 to a negative ₹ 60.08 Mn. The decrease in the reserves and surplus is exactly the net loss for the year of ₹ 486.615 Mn the Company made at stand-alone level. There was no change in the capital structure of the Company affecting reserves & surplus. The loss is primarily due to write down of receivables of ₹ 214.89 Mn and loss from sale of subsidiaries of 272.90 Mn.

c. Secured Loan Funds (Short term borrowings)

Secured short term loan funds i.e., cash credit facility for working capital purposes has been closed. The outstanding amount of ₹ 30.39 Mn as of end of the previous year was repaid. This was possible due to cash flows arising from the sale of land and building owned by the subsidiary of the company in Bangalore.

Other current liabilities which are unsecured have increased by ₹ 63.58 Mn from ₹ 39.30 Mn in the previous year to ₹ 102.88 Mn in the current year. This comprises of ₹ 82.37 Mn payable to our subsidiary company CTIPL, versus ₹ Nil payable in the previous year.

d. Trade payables

Trade payables have increased to ₹ 6.76 Mn in FY 2012-13 from ₹ 4.23 Mn in FY-2011-12, that is an increase of ₹ 2.53Mn. Of these outstanding for a period more than 6 months have decreased by ₹ 0.28 Mn in the current year. And outstanding for less than 6 months have increased ₹ 2.81 Mn to ₹ 6.76 Mn in this financial year.

e. Short term provisions

Short term provisions have dropped by ₹ 6.94 Mn from ₹ 27.53 Mn in the financial year 2011-12 as against ₹ 20.59 Mn in the current year. Included in the ₹ 20.59 Mn of current year provisions are provision for employee benefits of ₹ 13.73 Mn, provision for income tax of ₹ Nil, provision for statutory dues of ₹ 1.96 Mn, and others of ₹ 4.60 Mn.

f. Fixed Assets

Gross fixed assets have gone up marginally by ₹ 0.52 Mn to ₹ 52.41 Mn, whereas net fixed assets have decreased from ₹ 10.68 Mn in FY 2011-12 to ₹ 8.31 Mn for the period ended 31<sup>st</sup> March, 2013.

g. Investments

The Company has sold its investment in smartShiftgroup Limited (SSG) (earlier Cambridge technology Enterprises - Mauritius Limited). The book value of investment of ₹ 274.26 Mn has been completely written off and a loss of 272.90 Mn has been recognized in the FY 2012-13. The Company has at present only investment in CTIPL to the value of ₹ 135.49 Mn. The Company has also undertaken the task of merging this subsidiary with itself.

h. Debtors

There has been a write down of receivable to the extent of ₹ 214.88 Mn in the current year due to which receivables outstanding for more than 6 months have decreased from ₹ 82.31 Mn in FY 2011-12 to ₹ Nil during the current period. Debtors of less than 6 months have also decreased to ₹ 72.39 Mn in FY 2012-13 from ₹ 242.00 Mn in FY 2011-12.

i. Loans & Advances

Short term loans and advances have increased to ₹ 25.65 Mn in the current year from ₹ 8.88 Mn in FY 2011-12. The increase is mainly due to deposits with banks to the extent of ₹ 10.71 Mn and increase in rental deposit for ₹ 50.92 Mn and vendor deposit for ₹ 1.1 Mn.

**Review of Standalone Profit & Loss Account**

(₹ in millions)

Particulars	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
Income from Operations	217.98	307.94
Profit from Operations before other income, interest, and exceptional items	(488.12)	(28.79)
Other Income	14.95	20.65
Interest and finance charges	(1.41)	(5.36)
Impairment of intangible assets		(30.25)
Exceptional items	10.54	(22.76)
Profit before tax	(483.71)	(8.93)
Tax Expense	2.91	10.53
Net Profit for the year	(486.62)	1.60

**a. Income from Operations**

Income from operations has come down considerably by 29% to ₹ 217.984 Mn in the current period from ₹ 307.94 Mn in the previous year. For this financial year, Company billed all the revenue to our sole foreign client smartShift Technologies Inc., (formerly Cambridge Technology Enterprises Inc.) and there has been no revenue from outside customer. As part of cost optimization efforts, Company has been taking every effort to reduce costs and improve revenues.

**b. Expenditure**
**i. Employee Cost**

Employee cost has marginally increased by 6.08% for the year ended 31<sup>st</sup> March, 2013 which stood at ₹ 146.54 Mn as against ₹ 138.15 Mn a year ago. Every effort is being made to reduce employee costs under control.

**ii. Sub-contracting fees**

The sub-contracting fees has reduced marginally by 9.71% from ₹ 5.56 Mn to ₹ 5.02 Mn in financial year under review. This is in continuation with Company's efforts to reduce dependency on sub-contractors and have delivery in house teams for new projects received.

**iii. General and Administrative Expenses**

General and administrative expenses have increased by 15.66% during FY 2012-13, from that of previous financial year to ₹ 60.59 Mn. This is excluding the bad debts written off and Loss on sale of investments. Included under this head are power & fuel ₹ 4.18 Mn (₹ 3.75 Mn), rent ₹ 12.31 Mn (₹ 9.56 Mn), software license cost ₹ 1.43 Mn (₹ 1.25 Mn), consultancy charges ₹ 9.39 Mn (₹ 10.13 Mn), office maintenance ₹ 4.90 Mn (₹ 5.54 Mn), and travelling ₹ 11.03 Mn (₹ 12.00 Mn).

Further there has been a write off of bad debts to the extent of ₹ 214.88 Mn and loss on sale of investment in subsidiary of ₹ 272.90 Mn.

c. Depreciation

There is a reduction in depreciation from ₹ 83.05 Mn in FY 2011-12 to ₹ 4.76 Mn in FY 2012-13, majorly because of write off of intangibles and impairment loss in FY 2011-12. As at end of March, 2013 the Company does not have any investment in intangibles.

d. Other Income

The other income during the FY 2012-13 was ₹ 14.95 Mn, whereas the same was ₹ 20.65 Mn in FY 2011-12. The reduction explained by decrease in exchange fluctuation gain of ₹ 13.70 Mn versus ₹ 20.47 Mn in the previous year. There also been a Miscellaneous income & bank interest of ₹ 1.25 Mn in the current year.

e. Interest

Interest costs have come down from ₹ 5.36 Mn in FY 2011-12 to ₹ 1.4 Mn in FY 2012-13, because of reduction in usage of working capital facilities from cash credit account and being able to manage operations with internal accruals. At the end of the financial year, the Company discontinued its working capital facility with the bank due to its cash flows coming from the sale of land and building at Bangalore.

f. Diminution in investments

The Company has sold its investment in smartShiftgroup Limited (SSG) (earlier Cambridge technology Enterprises - Mauritius Limited). The book value of investment of ₹ 274.26 Mn has been completely written off and a loss of ₹ 272.90 Mn has been recognized in the FY 2012-13. The Company has at present only investment in CTIPL to the value of ₹ 135.49 Mn.

g. Profit After Tax

There was a substantial deterioration in the bottom line from a profit of ₹ 1.60 Mn in FY 2011-12 to a substantial loss of ₹ 486.620 Mn during the current year. Profit after tax was affected by write off of bad debts of ₹ 214.88 Mn and loss on sale of investments of ₹ 272.90 Mn. Further an amount of ₹ 10.54 Mn of MAT paid in previous years has been written off as this is no longer recoverable as per the provisions of the Income Tax act. Without considering these two one-time items, profit after tax would have been ₹ 11.71 Mn.

**Internal Control systems and their adequacy:**

CTE's Board and management team monitor and make enhancements to the company's systems for internal control and risk management on an ongoing basis. The company's efforts towards this go beyond what is mandatorily required, with active monitoring and review to ensure adequacy of control systems and to identify potential risks as well as recommend or implement measures to mitigate them.

CTE's internal control system is adequate considering the nature, size and complexity of its business. The company's internal control systems provide, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of company assets. These also enable the company to adhere to procedures, guidelines, and regulations as applicable in a transparent manner.

Company's internal control systems are supplemented by an internal audit program and periodic reviews by the management. CTE has appointed an independent audit firm as its Internal Auditors, and the Audit Committee reviews its findings and recommendations at periodic intervals.

**Material developments in Human Resources / Industrial Relations front, including number of people employed**

Our employees are our most important and valuable assets. As of 31<sup>st</sup> March, 2013, CTE and its subsidiaries had employed approximately 350 employees. The key elements that define our culture include professional working environment, training and development, and compensation.

# **CEO & CFO Certificate Declaration on Code of Conduct and Certificate of Compliance**

## CEO / CFO Certification

The Board of Directors  
Cambridge Technology Enterprises Limited  
Hyderabad

I, Stefan Hetges, Chief Executive Officer and DRR Swaroop, Whole Time Director certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended as on 31st March, 2013 and that to the best of our 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) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Stefan Hetges**  
Chief Executive Officer

**DRR Swaroop**  
WholeTime Director

Date: 5<sup>th</sup> November, 2013

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## CEO's Declaration

I, Stefan Hetges, Chief Executive Officer do hereby declare that pursuant to the provisions of Clause 49(I) (D) (ii) of the Listing Agreement, all the members of the Board and the Senior Management Personnel of the Company have furnished their affirmation of compliance with the Code of Conduct of the Company.

Place : Hyderabad  
Date : 5<sup>th</sup> November, 2013

**Stefan Hetges**  
Chief Executive Officer

## Certificate of Compliance

To  
The Members of Cambridge Technology Enterprises Ltd

I have examined the Compliance of conditions of Corporate Governance by Cambridge Technology Enterprises Limited ("the Company"), for the year ended on 31<sup>st</sup> March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange and the National Stock Exchange. The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Place : Hyderabad  
Date : 29<sup>th</sup> November, 2013

**B. Krishnaveni**  
Practising Company Secretary

# **Consolidated Financial Statements**

**INDEPENDENT AUDITOR'S REPORT**

To the Members

Cambridge Technology Enterprises Limited

We have audited the accompanying consolidated financial statements of Cambridge Technology Enterprises Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financials. As there is no reporting on 'Other Legal and Regulatory Requirements', there is no necessity of including the heading 'Report on the Financial Statements' above the introductory paragraph statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We did not audit the financial statements of the subsidiary of M/s. Cambridge Technologies Enterprises Limited whose financial statements reflect total assets of Rs. 13,70,41,144 as at 31<sup>st</sup> March 2013 and total revenue of Rs.12,30,77,503 for the year ended on that date. The financial statements of Cambridge Technology India Private Limited have been audited by S G & Co., Chartered Accountants based in Bangalore. Our opinion in so far as it relates to the said amounts included in respect of the subsidiaries is based solely on the accounts prepared and certified by them.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the consolidated Profit and Loss Account, of the loss for the year ended on that date; and
- (c) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For P.Murali& Co.,**  
Chartered Accountants  
Firm's Registration Number: 007257S

**(P. Murali Mohana Rao)**  
(Partner)  
Membership Number: 023412

Place: Hyderabad  
Date: 28-05-2013

**Consolidated Balance Sheet as at 31<sup>st</sup> March, 2013**

Amount in ₹

Particulars	Note No.	As at	
		31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	196,310,150	196,310,150
(b) Reserves and Surplus	2	51,379,937	(601,764,359)
<b>(2) Share application money pending allotment</b>		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	-	741,820,000
(b) Deferred tax liabilities	4	491,786	-
(c) Long term provisions	5	8,161,816	10,967,044
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	6	-	91,106,673
(b) Trade payables	7	7,358,141	60,493,412
(c) Other current liabilities	8	21,342,663	51,458,449
(d) Short-term provisions	9	28,425,350	100,020,791
<b>Total</b>		<b>313,469,844</b>	<b>650,412,160</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) <i>Fixed assets</i>	10		
(i) Tangible assets		9,965,655	40,922,777
(ii) Intangible assets		-	-
(b) <i>Goodwill on Consolidation</i>		122,142,503	260,960,675
(c) Non-current investments		-	-
(d) Deferred tax assets		-	5,032,815
<b>(2) Current assets</b>			
(a) Inventories	11	-	536,024
(b) Trade receivables	12	94,892,656	128,906,470
(c) Cash and cash equivalents	13	29,204,345	35,840,113
(d) Short-term loans and advances	14	28,557,256	76,786,265
(e) Other current assets	15	28,707,430	101,427,022
<b>Total</b>		<b>313,469,844</b>	<b>650,412,160</b>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS. 1 to 38

The schedules referred to above and Significant accounting policies and notes to accounts form an integral part of the financial statements. This is the Balance Sheet referred to in our report of even date.

**For P.Murali & Co.,**  
Firm Regn. No: 007257S  
Chartered Accountants

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

**P.Murali Mohana Rao**  
Partner  
Membership No. 023412

**Stefan Hetges**  
Wholetime Director & CEO

**D.R.R Swaroop**  
Wholetime Director

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2013

**Venkat Motaparthy**  
Director

**V.Ramana Reddy**  
Company Secretary

**Consolidated Profit and Loss Statement for the Year ended 31<sup>st</sup> March, 2013.**

Amount in ₹

Particulars	Note No.	For the Year Ended	
		31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
I. Revenue from operations	16	904,763,486	749,979,636
II. Other Income	17	122,894,340	23,016,735
<b>III. Total Revenue (I +II)</b>		<b>1,027,657,826</b>	<b>772,996,372</b>
IV. Expenses:			
Employee benefit expenses	18	549,702,970	561,046,285
Other Operating Expenses	19	358,091,953	53,629,633
Administrative Expenses	20	152,111,798	121,080,689
Finance costs	21	23,791,331	30,042,895
Depreciation and amortization expense	10	10,357,671	98,411,395
Impaired Intangible Assets	10	-	44,523,396
Impairment of Goodwill		-	458,104,044
<b>Total Expenses</b>		<b>1,094,055,722</b>	<b>1,366,838,338</b>
V. Profit before exceptional and extraordinary items and tax (III - IV)		(66,397,895)	(593,841,966)
VI. Exceptional Items		-	-
I. Prior Period Expenses		10,544,428	(15,015,155)
VII. Profit before extraordinary items and tax (V - VI)		(76,942,323)	(578,826,811)
VIII. Extraordinary Items		52,303,139	-
IX. Profit before tax (VII - VIII)		<b>(129,245,462)</b>	<b>(578,826,811)</b>
X. Tax expense:			
(1) Current tax		4,054,487	5,588,018
(2) Deferred tax		2,102,685	(15,081,373)
XI. Profit (Loss) from the period from continuing operations (IX - X)		<b>(135,402,634)</b>	<b>(569,333,456)</b>
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		<b>(135,402,634)</b>	<b>(569,333,456)</b>
XVI. Earning per equity share:			
(1) Basic		-	-
(2) Diluted		-	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS.

1 to 38

The schedules referred to above and Significant accounting policies and notes to accounts form an integral part of the financial statements. This is the Profit and Loss Statement referred to in our report of even date.

**For P.Murali & Co.,**  
Firm Regn. No: 007257S  
Chartered Accountants

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

**P.Murali Mohana Rao**  
Partner  
Membership No. 023412

**Stefan Hetges**  
Wholetime Director & CEO

**D.R.R Swaroop**  
Wholetime Director

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2013

**Venkat Motaparthi**  
Director

**V.Ramana Reddy**  
Company Secretary

**Consolidated Cashflow for the period ended 31<sup>st</sup> March, 2013.**

Amount in ₹

Particulars	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
<b>Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before tax	(129,245,462)	(593,841,966)
Adjustment for :		
Depreciation & Amortization	10,357,671	98,411,395
Impaired of FA	-	44,523,396
Impairment of Goodwill	-	458,104,044
Dividend Income from Mutual Funds	-	(157,613)
Interest Income	(582,335)	(48,898)
Interest Expenses	23,791,331	30,042,895
Loss on sale of Assets	2,697,328	2,400,870
Loss on sale of Investments	272,898,671	-
Bad debts	19,916,769	-
Operating profit before working capital changes	<b>199,833,972</b>	<b>39,434,124</b>
Adjustment for:		
Change in Trade Receivables	14,097,045	(17,117,591)
Change in Inventory	536,024	(288,868)
Change in Loans & Advances	48,229,009	(49,858,729)
Change in Other Current Assets	72,719,593	-
Change in Current Liabilities and Provision	(241,145,257)	16,692,522
<b>Cash generated from operations</b>	<b>94,270,386</b>	<b>(11,138,541)</b>
Income tax paid	(8,862,401)	(5,588,018)
<b>Net cash from operating activities</b>	<b>A 85,407,985</b>	<b>(16,726,560)</b>
<b>Cash Flow from Investing Activities</b>		
(Purchase) / Sale of Fixed Assets	156,720,295	(20,817,681)
(Purchase) / Sale of Investments	(272,898,671)	12,632,564
Interest received	582,335	48,898
Dividend Income from Mutual Funds	-	157,613
<b>Net cash from investing activities</b>	<b>B (115,596,041)</b>	<b>(7,978,607)</b>

Amount in ₹

Particulars	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
<b>Cash Flows from Financing Activities</b>		
Increase (Decrease) in Unsecured loan	-	94,395,000
Increase (Decrease) in Secured Loan	(741,820,000)	-
Interest Paid	(23,791,331)	(30,042,895)
Provision for Gratuity & Leave encashment	(2,805,228)	1,145,160
Prior Period Reserves & Deferred Tax	791,968,846	-
<b>Net cash used from financing activities</b>	<b>C</b>	<b>65,497,265</b>
<b>Effect of foreign translation</b>	<b>D</b>	<b>(83,793,584)</b>
<b>Net change in cash ( A+B+C+D)</b>	<b>(6,635,769)</b>	<b>(43,001,485)</b>
Cash and cash equivalents at beginning of the period	35,840,113	78,841,599
Cash and cash equivalents at end of the period	29,204,345	35,840,113

The above Cash Flow Statement is prepared under the Indirect Method set out in the Accounting Standard in Cash Flow Statements (AS-3) issued by the ICAI.

**For P.Murali & Co.**  
Firm Regn.No.007257S  
Chartered Accountants

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

**P.Murali Mohana Rao**  
Partner  
Membership No. 023412

**Stefan Hetges**  
Wholetime Director & CEO

**D.R.R Swaroop**  
Whole-Time Director

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2013

**Venkat Motaparthi**  
Director

**V.Ramana Reddy**  
Company Secretary

**Notes forming part of Consolidated Balance Sheet**

Amount in Rs.

**NOTE NO. 1 : SHARE CAPITAL**

S.No.	Particulars	As at 31-03-2013	As at 31-03-2012
(i)	<b>Equity Share Capital</b>		
	(a) Authorised (No. of Shares 3,00,00,000 Current Year) (No. of Shares 3,00,00,000 Previous Year)	300,000,000	300,000,000
	(b) Issued (No. of Shares 1,96,31,015 Current Year) (No. of Shares 1,96,31,015 Previous Year)	196,310,150	196,310,150
	(c) Subscribed & Fully Paid Up (No. of Shares 1,96,31,015 Current Year) (No. of Shares 1,96,31,015 Previous Year)		
	(d) Subscribed & not fully paid up		
	(e) Par Value per share Rs. 10/-		
	<b>Total share Capital</b>	<b>196,310,150</b>	<b>196,310,150</b>
(ii)	<b>A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</b>		
	<b>Equity Shares of Rs.10 Each, Fully paid up</b>		
	At the Beginning		
	Issued during the year - Bonus Issue	196,310,150	196,310,150
	Issued during the year - Cash Issue		
	Issued during the year - ESOP		
	Forfeited / Bought Back during the year		
	At the end	196,310,150	196,310,150
	<b>Details of Shareholder holding more than 5% shares of the company:</b>	<b>% of Share Holding</b>	
	<b>Equity Shares of Rs. 10 each Held By</b>		
	1. Internet Business Capital Corporation C.Y No.of Shares -8,399,269, P.Y No.of Shares 75,89,349	42.79%	38.66%
	2. smartShift AG C.Y No.of Shares -20,56,600 P.Y No.of Shares 20,56,600	10.48%	10.48%
	3. Our Vox Holdings LLC C.Y No.of Shares -9,40,080 P.Y No.of Shares 17,50,000	-	8.91%

**NOTE NO. 2 : RESERVES & SURPLUS**

Amount in Rs.

S.No.	Particulars	As at 31-03-2013	As at 31-03-2012
(a)	Capital Redemption Reserve		
	As at the commencement of the year	499,000	499,000
	Add: Additions during the year	-	-
	Less: Utilised for during the year	-	-
		499,000	499,000
(b)	Securities Premium Account		
	As at the commencement of the year	225,215,578	225,215,578
	Add: Additions during the year	-	-
	Less: Utilised for during the year	-	-
		225,215,578	225,215,578
(c)	Foreign Currency Translation Reserve	-	(133,281,099)
(d)	Surplus i.e. balance in profit and loss account	211,566,157	(124,864,382)
	Add/Less: Balance from profit and loss account	(135,402,634)	(569,333,456)
	Add/Less: Subsidiary profit/loss	(250,498,164)	-
	<b>Total Reserves and Surplus</b>	<b>51,379,937</b>	<b>(601,764,359)</b>

**NOTE NO.3: LONG TERM BORROWINGS:**

S.No.	Particulars	As at 31-03-2013	As at 31-03-2012
I	Unsecured		
	Bonds / Debentures	-	741,820,000
	Loans and advances from subsidiaries / parent.	-	-
	Other loans and advances	-	-
		-	<b>741,820,000</b>

**NOTE NO. 4 : DEFERRED TAX LIABILITY (NET)**

S.No.	Particulars	As at 31-03-2013	As at 31-03-2012
I	Opening deferred tax Liability	5,032,815	10,355,890
	Add:		
	Deferred Tax Liability for the year (Due to SLM and WDV Difference)	(5,524,601)	(15,388,705)
	Deferred Tax Liability for the year (Due to Others)	-	-
	<b>Gross Deferred tax Liability</b>	<b>(491,786)</b>	<b>(5,032,815)</b>
	Opening deferred tax Asset		
	Provision for Gratuity and Compensated Absences	-	-
	Provision for Doubtful debt	-	-
	Provision for other Disallowances	-	-
	<b>Gross Deferred tax Asset</b>	<b>-</b>	<b>-</b>
<b>Net Deferred tax Liability / (Asset) - Net</b>	<b>(491,786)</b>	<b>5,032,815</b>	

**NOTE NO.5: LONG TERM PROVISIONS:**

S.No.	Particulars	As at 31-03-2013	As at 31-03-2012
I	(1) Provision for Gratuity	7,101,035	8,549,290
	(2) Provision for Privilege Leave Encashment	1,060,781	2,417,754
	<b>Total Long Term Provisions</b>	<b>8,161,816</b>	<b>10,967,044</b>

**NOTE NO.6: SHORT TERM BORROWINGS**

S.No.	Particulars	As at 31-03-2013	As at 31-03-2012
I	(1) Other than Bank	-	49,480,000
	(2) Other loans and advances	-	41,626,673
		<b>-</b>	<b>91,106,673</b>

**NOTE NO.7: TRADE PAYABLES**

S.No.	Particulars	As at 31-03-2013	As at 31-03-2012
I	<b>TRADE PAYABLES</b>		
	(1) Outstanding for a period exceeding three years	-	-
	(2) Outstanding for a period exceeding six months	-	27,306,581
	(3) Others	7,358,141	33,186,831
	<b>Total Trade payables</b>	<b>7,358,141</b>	<b>60,493,412</b>

**NOTE NO.8: OTHER CURRENT LIABILITIES**

S.No.	Particulars	As at 31-03-2013	As at 31-03-2012
<b>I</b>	<b>Other Current Liabilities</b>		
	(a) Interest accrued but not due on loans	-	13,480,812
	(b) Others	21,342,663	37,977,637
	<b>Total Other Current Liabilities</b>	<b>21,342,663</b>	<b>51,458,449</b>

**NOTE NO.9: SHORT TERM PROVISIONS**

S.No.	Particulars	As at 31-03-2013	As at 31-03-2012
<b>I</b>			
	(a) Provision for Income Tax	2,088,404	8,862,401
	(b) Provision for Employee Benefits		
	Salaries & Benefits	10,143,148	24,819,552
	Variable component	7,069,871	28,984,157
	(c) Other Provisions		
	Subscription fees to STPI	-	-
	Statutory Dues	4,032,334	8,148,721
	Audit Fee	750,000	1,155,392
	Expenses	4,341,593	9,041,975
	Sub-Contract Fee	-	19,008,593
	<b>Total Short Term Provisions</b>	<b>28,425,350</b>	<b>100,020,791</b>

**Notes forming part of Consolidated Fixed Assets for Balance Sheet**

Note No.10

**FIXED ASSETS :**

Amount in Rs.

S.No.	Particulars	Gross Block				Depreciation				Net Block	
		Balance as at 01.04.2012	Additions during the period	Deletions during the period	Balance as at 31.03.2013	Balance as at 01.04.2012	For the Period	Deletions during the period	Impairment	Balance as at 31.03.2013	As at 31.03.2013
1	Land	6,212,880	-	6,212,880	-	-	-	-	-	-	6,212,880
2	Building	15,731,720	-	15,731,720	-	406,829	2,260,732	-	-	-	13,877,817
3	Plant & Machinery	12,777,942	539,498	6,815,085	6,502,355	1,193,254	3,006,873	-	-	3,552,394	9,411,929
4	Computers & Software	58,661,715	5,903,000	678,064	63,886,651	4,080,451	387,567	-	-	57,206,624	8,147,975
5	Furniture & Fittings	4,064,227	22,252	2,544,676	1,541,803	387,072	783,228	-	-	1,206,136	3,272,175
	<b>TOTAL</b>	<b>97,448,484</b>	<b>6,464,750</b>	<b>31,982,425</b>	<b>71,930,809</b>	<b>6,067,606</b>	<b>6,438,400</b>	<b>-</b>	<b>-</b>	<b>61,965,153</b>	<b>40,922,777</b>
	<b>Previous Year</b>	<b>499,798,091</b>	<b>29,715,714</b>	<b>8,211,651</b>	<b>521,302,154</b>	<b>334,357,335</b>	<b>98,411,395</b>	<b>-3,087,253</b>	<b>44,523,396</b>	<b>480,379,379</b>	<b>40,922,777</b>
											<b>165,440,757</b>

**Note: Since the subsidiary companies have been ceased w.e.f. 26-March-2013, hence current year figures does not include subsidiary companies assets except for M/s.Cambridge Technology India Pvt Ltd.**

**NOTE NO.11: INVENTORIES**

S.No.	Particulars	As at 31-03-2013	As at 31-03-2012
<b>I</b>	<b>INVENTORIES</b>		
	Training Material	-	536,024
	<b>Total Inventories</b>	-	<b>536,024</b>

**NOTE NO.12: TRADE RECEIVABLES**

S.No.	Particulars	As at 31-03-2013	As at 31-03-2012
<b>I</b>	Debts outstanding for a period - (Unsecured)		
	(a) Upto six months	94,304,592	110,787,434
	(b) Exceeding six months & upto three years	588,064	18,119,036
	(c) Exceeding three years	-	-
	Less: Provisions	-	-
	Bad Debt	-	-
	<b>Total Trade Receivables</b>	<b>94,892,656</b>	<b>128,906,470</b>

**NOTE NO.13: CASH AND CASH EQUIVALENTS**

S.No.	Particulars	As at 31-03-2013	As at 31-03-2012
<b>I</b>	Cash and Cash Equivalents		
	(a) Bank balances	29,138,480	35,702,331
	(b) Cash balance	65,865	137,781
	<b>Total Cash and Cash Equivalents</b>	<b>29,204,345</b>	<b>35,840,113</b>

## NOTE NO.14: SHORT TERM LOANS AND ADVANCES

Amount in Rs.

S.No.	Particulars	As at 31-03-2013	As at 31-03-2012
I	Short Term Loans & advances		
	<b>Unsecured Considered Good</b>		
	(a) Advances recoverable in cash or in kind or for value to be received	26,908,948	12,384,085
	(b) Advances to Employees	353,829	523,409
	(c) Advances to Vendors	1,256,735	445,839
	(d) Others	37,744	63,432,932
	<b>Total Short Term Loans and Advances</b>	<b>28,557,256</b>	<b>76,786,265</b>

## NOTE NO.15: OTHER CURRENT ASSETS

S.No.	Particulars	As at 31-03-2013	As at 31-03-2012
I	Other Current Assets		
	(a) MAT Entitlement Receivable	3,152,740	13,185,753
	(b) Input Service Tax & Service Tax Protest	6,200,076	7,821,261
	(c) Prepaid Expenses	1,796,253	7,373,356
	(d) Unbilled Revenue	402,941	57,807,653
	(e) Others	17,155,420	15,238,999
	<b>Total Other Current Assets</b>	<b>28,707,430</b>	<b>101,427,022</b>

**Notes forming part of Consolidated Profit and Loss Statement**

Amount in Rs.

**NOTE NO.16: REVENUE FROM OPERATIONS**

S.No.	Particulars	Year Ended 31-03-2013	Year Ended 31-03-2012
(i)	Revenue from operations in respect of non-finance company		
	(a) Sale of Products	-	-
	(b) Sale of Services	904,763,486	749,979,636
	<b>Total Revenue from Operations</b>	<b>904,763,486</b>	<b>749,979,636</b>

**NOTE NO.17: OTHER INCOME**

S.No.	Particulars	Year Ended 31-03-2013	Year Ended 31-03-2012
(i)	(a) Interest Income (on Bank Deposits)	582,335	48,898
	(b) Dividend received on Mutual funds	-	157,613
	(c) Exchange Fluctuation gain	13,465,826	21,210,507
	(d) Miscellaneous Income	78,490,120	1,599,717
	(e) Other Operating Income	30,356,059	-
	<b>Total Other Income</b>	<b>122,894,340</b>	<b>23,016,735</b>

**NOTE NO.18: EMPLOYEE BENEFIT EXPENSES**

S.No.	Particulars	Year Ended 31-03-2013	Year Ended 31-03-2012
(i)	(a) Salaries and bonus	400,544,470	401,439,116
	(b) Contribution to Provident & Other Funds	45,097,461	38,642,772
	(c) Fees to Contract Employees	102,745,062	119,643,394
	(d) Staff Welfare Expenses	1,315,977	1,321,003
	<b>Total Employee Benefit Expenses</b>	<b>549,702,970</b>	<b>561,046,285</b>

**NOTE NO.19 : OTHER OPERATING EXPENSES**

Amount in Rs.

S.No.	Particulars	Year Ended 31-03-2013	Year Ended 31-03-2012
(i)	(a) Power and Fuel	4,741,338	4,465,930
	(b) Insurance Expenses	4,973,301	3,683,673
	(c) Royalty/Technical Knowhow Fees/Licence Fees	14,612,834	-
	(d) Rent Expenses	27,515,961	20,125,221
	(e) Cost of Study Materials	326,588	6,856,194
	(f) Computer hire charges	4,354,169	2,040,394
	(g) Payment to Auditors		
	(i) Audit Fees	2,290,523	1,830,851
	(ii) For certification work including tax audit fees	75,000	75,000
	(iii) Reimbursement of out of pocket expenses	-	-
	(h) Loss on sale of Asset	2,697,328	2,400,870
	(i) Miscellaneous Expenses	3,689,470	2,781,219
	(j) Bad Debts	19,916,769	9,370,282
	(k) Loss on sale on Investment	272,898,671	-
	<b>Total Other Operating Expenses</b>	<b>358,091,953</b>	<b>53,629,633</b>

**NOTE NO.20: ADMINISTRATIVE EXPENSES**

S.No.	Particulars	Year Ended 31-03-2013	Year Ended 31-03-2012
(i)	(a) Telephone, Postage and Others	50,268,962	18,691,988
	(b) Sales & Marketing Expenses	15,771,549	25,985,318
	(c) Traveling and Conveyance	28,254,702	27,227,300
	(d) Office Maintenance	9,323,603	9,885,328
	(e) Managerial Remuneration	1,200,000	1,200,000
	(f) Directors Sitting Fee	260,000	270,000
	(g) Consultancy Charges	32,103,385	33,624,516
	(h) Dues & Subscriptions	3,866,883	1,422,459
	(i) Rates and Taxes	195,191	1,523,199
	(j) Cost of Software Licenses	10,867,523	1,250,582
	<b>Total Administrative Expenses</b>	<b>152,111,798</b>	<b>121,080,689</b>

**NOTE NO.21: FINANCE COST**

S.No.	Particulars	Year Ended 31-03-2013	Year Ended 31-03-2012
(i)	(a) Interest on Working Capital Loan	2,782,186	9,667,546
	(b) Interest on other Loans	20,120,965	19,323,391
	(c) Bank charges	888,180	1,051,959
	<b>Total Finance cost</b>	<b>23,791,331</b>	<b>30,042,895</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

*(All amounts have been presented in Rupees unless otherwise specified)*

**1. Group overview**

Cambridge Technology Enterprises Limited, "the Company", its subsidiaries (collectively referred to as "the Group") are primarily global technology services and outsourcing Group dedicated to serving the midsize market enterprises and the midsize units of Global 2000 enterprises across the spectrum of business industries. The Group is recognised as a thought leader and innovator of comprehensive Service Oriented Architecture (SOA)-based enterprise transformation and integration solutions and services.

**2. Significant accounting policies****2.1 Basis of preparation of financial statements**

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Indian Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an on-going basis.

**2.2 Basis of Consolidation**

The Group financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the accounting standard on Consolidation Financial Statements issued by the Institute of

Chartered Accountants of India. The Group financial statements incorporate the financial information of Cambridge Technology Enterprises Limited, its Subsidiaries made up to March 31, 2013. Subsidiaries are those entities that are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of the enterprise so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is acquired by the Group and no longer consolidated from the date such control ceases. The financial statements of the parent company and subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and any resulting unrealized gain/loss arising from intra group transactions. Unrealized losses resulting from intra group transactions are also eliminated unless cost cannot be recovered. Amounts reported in the financial statements of subsidiaries have been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group.

**2.3 Use of estimates**

The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Actual results could differ from those estimates. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets. 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. Where no reliable estimate can be made, a disclosure is made as contingent liability. Actual results could differ from those estimates.

## **2.4 Revenue recognition**

### *Income from Software services and products*

Revenue from professional services consist primarily of revenue earned from services performed on a "time and material" basis. The related revenue is recognized as and when the services are performed. The Company also performs time bound fixed-price engagements, under which revenue is recognized using the percentage of completion method of accounting. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated.

Amounts received or billed in advance of services performed are recorded as advance from customers/unearned revenue. Unbilled revenue, included in debtors, represents amounts recognized based on services performed in advance of billing in accordance with contract terms. Unearned revenue is calculated on the basis of the unutilized period of time at the Balance Sheet and represents revenue which is expected to be earned in future periods in respect of internet, e-mail services, electronic data interchange and web hosting services.

Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts requiring significant implementation services, where revenue is recognized as per the percentage of completion method.

### *Other income*

Loss on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment. Dividend income is recognized when the Company's right to receive dividend is established.

Interest is recognized using the time-proportion method, based on rates implicit in the transaction.

## **2.5 Fixed Assets**

### Tangible assets

Tangible assets are stated at actual cost less accumulated depreciation. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction/installation stage.

### *Intangible assets*

Intangible assets are recorded at consideration paid for acquisition and other direct costs that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

### *Capital Work in progress*

Assets under installation or under construction as at the Balance sheet date are shown as capital work in progress. Advances paid towards acquisition of assets are also included under capital work in progress.

### *Depreciation*

Depreciation on the Tangible Fixed Assets of the Company is provided on Written down Value method as per Schedule XIV of the Companies Act, 1956 on pro-rata basis. Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition. Leasehold improvements are written off over the lower of, the remaining primary period of lease or the life of the asset.

### *Amortization*

Software used in development for projects are amortized over the license period or estimated useful life of two years, whichever is lower. Cost of internally developed software including the incidental costs is amortized over a period of three years.

The cost of and the accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the profit and loss account. Lease payments under operating lease are recognized as an expense in the profit and loss account. An impairment loss is recognized wherever the carrying amount of the fixed assets exceeds its recoverable amount.

## **2.6 Finance leases**

Assets taken on lease are capitalized at fair value or net present value of the minimum lease payments, whichever is lower. Depreciation on the assets taken on lease is charged at the rate applicable to similar type of owned fixed assets refer accounting policy 2.5. Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease.

## **2.7 Investments**

Investments are either classified as current or long-term, based on the Management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Cost for overseas investments comprises the Indian

Rupee value of the consideration paid for the investment. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

## **2.8 Foreign Currency transactions and translation**

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

## **2.9 Employee Stock Option Scheme**

Stock options granted to the employees under the stock option schemes established after June 19, 1999 are evaluated as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 issued by Securities and Exchange Board of India and the Guidance Note on Accounting for employee share-based payments issued by the Institute of Chartered Accountants of India. Accordingly the Company measures the compensation cost relating to employee stock options using the intrinsic value method. The compensation cost is amortized on a straight line basis over the total vesting period of the stock options.

## **2.10 Taxes on Income**

Tax expense for the year comprises of current tax and deferred tax.

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that

a liability due to disallowances or other matters is probable. Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

## 2.11 Earnings per share

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item is considered. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted

potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

## 2.12 Retirement benefits to employees

### *Gratuity*

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees, based on actuarial valuation made by an independent actuary as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment.

### *Provident fund*

Contributions to defined Schemes such as Provident Fund are charged as incurred on accrual basis. Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the government administered authority.

**Notes to Consolidated Financial Statements**
**22. Subsidiaries considered for consolidation**

The subsidiaries considered in the preparation of these consolidated financial statements are:

Name of subsidiary	Country of Incorporation	Percentage of Ownership interest	
		March 31, 2013	March 31, 2012
Subsidiaries of smartShiftgroup Limited (formerly known as Cambridge Technology Enterprises - Mauritius Limited)			
Cambridge Technology Enterprises - Mauritius Limited.	Mauritius	-	100%
Cambridge Technology India Private Limited	India	100%	100%
Subsidiaries of smartShiftgroup Limited (formerly known as Cambridge Technology Enterprises - Mauritius Limited)*			
smartShift GMBH	Germany	-	100%
Vox Holdings Inc	USA	-	100%
Cambridge Technology Enterprises Inc**	USA	-	100%
-Reilly & Associates Inc	USA	-	-
-Comcreation Inc	USA	-	-
-CellExchange Inc	USA	-	-

*\*\*Reilly & Associates Inc, Comcreation Inc and CellExchange Inc are merged with Cambridge Technology Enterprises Inc. w.e.f. 24th June, 2010.*

- 23.** The Company has consolidated the Profit & Loss statements of erstwhile subsidiary companies for the period from 1st April, 2012 to 26th March, 2013 i.e., till the date on which the subsidiary smartShiftgroup Limited (formerly known as Cambridge Technology Enterprises - Mauritius Limited) and resulting step down subsidiaries - Cambridge Technology Enterprises Inc., smartShift GmbH and VoxHoldings were sold.
- 24.** During the year under review the debt holders in the Company's wholly owned subsidiary smartShiftgroup Limited (formerly known as Cambridge Technology Enterprises - Mauritius Limited) have converted their debt to the extent of \$ 4,137,930 into equivalent number of equity shares. With this conversion the Company's equity holding has come down to 29.68% from 100%.
- 25.** The Company sold the residual stake of 29.68% for a consideration of US\$25,000 for which the company has submitted information to the authorized dealer to ratify the same. This transaction has resulted into a loss of Rs.27,28,98,671 during the year as the carrying value of the investment was Rs.27,42,60,626. The valuation of smartShiftgroup Limited as on the date of transaction was negative Rs. 21.11 crores which was carried out by an independent expert.

26. The Company written-off the trade receivables, amounting to Rs.21,48,81,750/- due from erstwhile wholly owned step down subsidiary Cambridge Technology Enterprises Inc. The company has made an application to RBI through the authorized dealer for the approval of the same.
27. The Company has made a petition with the High Court for the merger of its wholly owned subsidiary Cambridge Technology India Private Limited. The decision of high Court is awaited in this matter.

**28. Details of Deposits**

Deposit amount consists of Rental Deposit of Cyber Spazio building, Fixed Deposits in Axis Bank and SBH and others.

**29. Employee Stock Option Scheme**

The Group has three stock option plans that are currently operational.

***CTEL ESOP 2006***

The 2006 Plan was approved by the board of directors on April 13, 2006 and by the shareholders on April 21, 2006, under which scheme 1,236,542 options were granted till date of 31st March, 2013.

Changes in number of options outstanding were as follows:

	As at March 31,	
	2013	2012
Options outstanding beginning of period	192,538	220,269
Granted during the year	Nil	Nil
Less: Exercised	Nil	Nil
Lapsed*	76,000	27,731
<b>Options outstanding end of period</b>	<b>116,538</b>	<b>192,538</b>

*\*Options were lapsed for those who had left the company or didn't exercise their options during the vesting period of their options*

**CTEL ESOP SCHEME 2008**

The 2008 Plan was approved by the board of directors on March 20, 2008 and by the shareholders through postal ballot results of which was declared on March 5, 2008, under which scheme 1,500,000 options were granted till date of 31st March, 2013.

Changes in the number of options outstanding:

	As at March 31	
	2013	2012
Options outstanding beginning of period	296,904	391,904
Granted during the year	Nil	Nil
Less: Exercised	Nil	Nil
Lapsed*	223,023	95,000
<b>Options outstanding end of period</b>	<b>73,881</b>	<b>296,904</b>

*\* Options were lapsed for those who had left the company or didn't exercise their options during the vesting period of their options*

**CTEL ESOP SCHEME 2011**

The 2011 Plan was approved by the board of directors on December 10, 2010 and by the shareholders through postal ballot results of which was declared on January 24, 2011, under which scheme 644,000 options were granted till date of 31st March, 2013.

Changes in the number of options outstanding:

	As at March 31	
	2013	2012
Options outstanding beginning of period	529,000	295,000
Granted during the year	20,000	329,000
Less: Exercised	Nil	Nil
Lapsed*	4,05,000	95,000
<b>Options outstanding end of period</b>	<b>1,44,000</b>	<b>5,29,000</b>

\* Options were lapsed for those who had left the company or didn't exercise their options during the vesting period of their options

**Pro forma Disclosure**

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for associate stock option plans been recognized based on the fair value at the date of grant in accordance with Black Scholes' model, the pro forma amounts of the Group's net profit and earnings per share would have been as follows:

(Amount in Rs.)

	Year ended March 31,	
	2013	2012
Net Profit/Loss (as reported)	(135,402,633)	(569,333,456)
Add: Stock based employee compensation	-	-
Less: Stock based compensation expenses determined under fair value method (pro forma)	-	-
Net Profit (Pro forma)	(135,402,633)	(569,333,456)
Earnings per share (Rs.)		
Basic - as reported	-	-
- as pro forma	-	-
Diluted - as reported	-	-
- as pro forma	-	-

The key assumptions used in Black-Scholes' model for calculating fair value are: risk-free interest rate ranging from 6.73% to 7.85% (2012 - 6.73% to 7.85%), expected life: 3 years to 4 years (2012 - 3 years to 4 years), expected volatility of shares 63.77% to 72.66% (2012 - 63.77% to 72.66%), dividend yield 0% (2012 - 0%). The range variables detailed herein represent the highs and the lows of the assumptions during the pendency of the grant dates.

### 30. Related party transactions

#### *Key Management Personnel*

Stefan Hetges Whole-time Director and Chief Executive Officer

D.R.R Swaroop Whole-time Director

#### *Enterprises over which Control exists*

Cambridge Technology Enterprises - Mauritius Limited ('CTEM') Wholly owned subsidiary w.e.f 13th August 2010

Cambridge Technology Enterprises Inc ('CTE Inc') Wholly owned subsidiary of CTEM w.e.f 1<sup>st</sup> October 2010

smart Shift, GmbH - Germany Wholly owned subsidiary of CTEM w.e.f 1<sup>st</sup> Oct, 2010.

Vox Holding Inc. - USA Wholly owned subsidiary of CTEM w.e.f 1<sup>st</sup> Oct, 2010

Cambridge Technology India Private Limited ('CTIPL') Wholly owned subsidiary w.e.f October 2008

Comcreation Inc Wholly owned subsidiary of CTE Inc, w.e.f 2007-08, got merged with CTE Inc. w.e.f 24<sup>th</sup> June 2010.

Reilly & Associates Inc

CellExchange Inc

*Note : Control over above subsidiaries has been ceased w.e.f. 26th March, 2013 due to sale of Smartshift group Limited which is a wholly owned subsidiary of M/s. Cambridge Technology Enterprises Limited to Smartshift Group Inc.*

*Enterprises over which significant influence exercised by key management personnel/close family member of key management personnel*

D.S. UnicsInfotech limited D.R.R. Swaroop is a Director in the Company

Nature of Transaction	Year ended March 31,	
	2013	2012
<i>Transactions with key management personnel</i>		
Remuneration *		
-D.R.R. Swaroop	1,200,000	1,200,000
-Stefan Hetges	6,526,800	7,790,760
-Samir Bhatia	5,982,900	4,809,040
-Arjun Chopra	6,526,800	5,820,371
Amount Payable		
-D.R.R. Swaroop	73,778	-
-Stefan Hetges	-	618,067
-Samir Bhatia	-	146,591
-Arjun Chopra	-	318,829
Amount Receivable		
-D.R.R. Swaroop	330,000	-

*Transactions with enterprises over which Control exists*

Nature of Transaction	Year ended March 31,	
	2013	2012
Sale of services - CTE Inc.	217,983,410	299,835,374
Sale of services- smart Shift Inc.	-	-
Expenses reimbursement, net- CTE Inc.	37,744	20,435,773
Balance receivable/(payable)	72,432,590	172,248,974
<b>Loans and advances</b>		
Loans and advances given		
-Cambridge Technology India Pvt. Ltd.	25,725,104	14,711,955
<b>Repayment of loans and advances</b>		
-Cambridge Technology India Pvt. Ltd.	107,097,404	14,032,648
<b>Balance outstanding</b>		
- Cambridge Technology India Pvt. Ltd.	-81,372,300	-
Investment made in shares	-	409,746,172

**31. Reconciliation of basic and diluted shares used in computing earnings per share**

	As at March 31,	
	2013	2012
Number of shares considered as basic weighted average shares outstanding	19,631,015	19,631,015
Add: Effect of dilutive issue of stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	19,631,015	19,631,015

**32. Leases**
**Operating Lease**

The Company leases office premises under operating lease agreement that is renewable on a periodic basis at the option of both the lessor and the lessee. Rental expense under those leases was Rs. 11,883,622/- (Previous year Rs. 15,265,012/-).

**Finance Leases**

The Company is not having any finance lease agreements as at March 31, 2013.

**33. Segment reporting**

As required by the Accounting Standard - 17, 'Segment reporting', the Company is mainly engaged in the area of software development and related services. Hence segment reporting is not applicable to the Company and to the nature of business.

**34. Managerial Remuneration**

The key management personnel comprise our directors and statutory officers. Particulars of remuneration and other benefits provided to key management personnel during the year ended March 31, 2013 and 2012 are as follows:

	Year ended March 31,	
	2013	2012
Remuneration*	20,236,500	18,420,171
Perquisites and Allowances	-	-
Directors sitting fee	260,000	270,000

\*Remuneration is net of accrual towards Gratuity, a defined benefit plan and provident fund which is managed for the Company as a whole. Contributions to defined benefit plan and provident fund and other perquisites and allowances have been included in Schedule 18 and 20.

**35. Details of advances and loans given to subsidiary Companies**

Name of subsidiary	Balance outstanding as at March 31,		Maximum balance outstanding as at March 31,	
	2013	2012	2013	2012
CTIPL(Cambridge Technology India Pvt. Ltd.)	(81,372,300)	-	16,489,002	9,234,869

**36. Retirement benefits to employees**
*Defined contribution plan*

During year ended March 31, 2013, the Group contributed Rs.4,350,821/- to provident fund (Previous Year Rs. 3,773,406/- was contributed to provident fund).

*Defined benefit plan - gratuity and privilege leave.*

The amounts recognized in the balance sheet as at March 31, 2013 are as follows:

	31 <sup>st</sup> Mar'13	31 <sup>st</sup> Mar'12
Present value of funded obligations	8,161,816	9,685,560
Fair value of plan assets	-	-
Net liability	8,161,816	9,685,560
Amount in balance sheet		
Liability	8,161,816	9,685,560
Asset	-	-
Net Liability	8,161,816	9,685,560

The amounts recognized in the profit and loss account for the year ended March 31, 2013 are as follows.

	31 <sup>st</sup> Mar' 2013	31 <sup>st</sup> Mar' 2012
Current service cost	490,329	685,662
Interest cost	774,846	612,080
Expected return on plan assets	-	-
Recognized net actuarial loss	527,301	3,819,745
Net Benefit Expense	1,792,476	5,117,487

Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

	31 <sup>st</sup> Mar' 2013	31 <sup>st</sup> Mar' 2012
Defined benefit obligation at beginning of the year	9,685,560	7,660,036
Current service cost	490,329	685,662
Interest cost	774,846	612,080
Benefits paid	(3,316,223)	(3,091,963)
Actuarial loss/(gains)	527,301	3,819,745
Defined benefit obligation at end of the year	8,161,816	9,685,560

Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

	31 <sup>st</sup> Mar' 2013	31 <sup>st</sup> Mar' 2012
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gains	-	-
Contribution by employer	3,316,223	2,703,393
Benefits paid	3,316,223	2,703,393
Fair value of plan assets at the end of the year	-	-

The assumptions used in accounting for the gratuity plan are set out as below:

Discount Rate	8.00%	8.00%
Expected return on plan assets	5.00%	8.00%
Salary Escalation	7.00%	7.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long term plans of growth and industry standards.

**37. Supplementary Information**

## Contingencies &amp; Guarantees

- i) Previous year, the company has given corporate guarantee as against Senior Secured Convertible Debt Notes, Convertible Debt Notes and Redeemable Bonds issued by the subsidiary M/s. Cambridge Technology Enterprises Mauritius Limited to the extent of Rs.647.43 Millions (USD 14.50 Millions). As of 31<sup>st</sup> March 2013, this corporate guarantee was extinguished since smartShift group Limited no longer remain the wholly owned subsidiary which was sold on 27<sup>th</sup> March, 2013.
- ii) The Company is having contingent service tax liability for an amount of Rs.3,25,76,183/- which is pending before service tax Appellate Tribunal, South Zonal Bench, Bangalore.

**38. Prior year comparatives.**

Previous years' figures have been regrouped and reclassified wherever necessary to confirm to current year's classification.

**For P. Murali & Co.**  
Chartered Accountants  
Firm Regn. No.007257S

**For and on behalf of board**

**P.Murali Mohana Rao**  
Partner  
Membership No: 23412

**Stefan Hetges**  
Whole-time Director & CEO

**D.R.R.Swaroop**  
Whole-time Director

**Venkat Motaparthi**  
Director

**V. Ramana Reddy**  
Company Secretary

Place: Hyderabad  
Date: 28-05-2013

# **Standalone Financial Statements**

**INDEPENDENT AUDITOR'S REPORT**

To the Members  
Cambridge Technology Enterprises Limited

**Report on the Financial Statements:**

We have audited the accompanying financial statements of Cambridge Technology Enterprises Limited "the Company", which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements:**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cashflows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility:**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (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.

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

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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 examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection(3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For P.Murali & Co.,**  
Chartered Accountants  
Firm's Registration Number: 007257S

**(P.Murali Mohana Rao)**  
Partner  
Membership Number: 023412

Place : Hyderabad  
Date :28-05-2013

**ANNEXURE TO THE AUDITORS' REPORT**

- I.** (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II.** The Company does not have any inventory. Accordingly, the provisions of clause 4(ii) of the order are not applicable.
- III.** (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans, the Clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under Section 301 prejudicial to the interest of company, is not applicable.
- (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.
- (d) No loans have been granted to Companies, Firms and other parties listed in the register U/S 301 of the Companies Act, 1956. Hence, overdue Amount of more than rupees one Lac does not arise and the clause is not Applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans, the clause of whether the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties is not applicable to the company.
- IV.** In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V.** (a) In our opinion and according to the information and explanation given to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the company in respect of any party in the financial year, the entry in the register U/s.301 of the Companies Act, 1956 does not arise.
- (b) According to the information and explanations given to us, as no such contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.

- VI.** The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise
- VII.** In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII.** In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of subsection (i) of 209 of the companies act 1956.
- IX.** (a) The Company is regular in depositing statutory dues including PF, ESI, Income Tax, Cess, and any other statutory dues with the appropriate authorities and at the end of last financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
- (b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF, ESI, Income Tax, Cess and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X.** The Company has been registered for a period of not less than 5 years, and the company has got accumulated losses at the end of the financial year and the company has incurred cash losses in this financial year and there are no cash losses in the immediately preceding financial year.
- XI.** According to information and explanations given to us, the company has not defaulted in repayment of dues to financial Institutions or Banks.
- XII.** According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII.** This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV.** According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV.** According to the information and explanations given to us, the Company had given corporate guarantee for loans taken by smartShiftgroup Limited (formerly known as Cambridge Technology Enterprises - Mauritius Limited) till 26<sup>th</sup> March, 2013 from Investors, and the terms and conditions are not prejudicial to the interest of the company.
- XVI.** According to the information and explanations given to us, the Company has not obtained any Term Loans.
- XVII.** On the basis of our examination of the books & accounts and according to the information and explanations given to us, in our opinion the funds raised on short term basis have not been used for Long term investment & vice versa.
- XVIII.** According to the information and explanations given to us, 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 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.

- XIX.** According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX.** According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by public issue is not applicable.
- XXI.** According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

**For P.MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
FRN:007257S

PLACE: HYDERABAD  
DATE:28-05-2013

**P. MURALI MOHANA RAO**  
PARTNER  
MEMBERSHIP NO. 23412

**Standalone Balance Sheet as at 31<sup>st</sup> March, 2013.**

Amount in Rs.

Particulars	Note No.	As at	
		31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	196,310,150	196,310,150
(b) Reserves and Surplus	2	(60,084,736)	426,530,300
<b>(2) Non-Current Liabilities</b>			
(a) Deferred tax liabilities (Net)	3	4,577,720	1,672,569
(b) Long term provisions	4	5,240,838	6,548,370
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	5	-	30,386,509
(b) Trade payables	6	6,762,999	4,141,933
(c) Other current liabilities	7	102,877,908	39,494,248
(d) Short-term provisions	8	20,590,142	27,419,452
<b>Total</b>		<b>276,275,021</b>	<b>732,503,530</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) <i>Fixed assets</i>			
(i) Tangible assets	9	8,312,880	10,683,518
(b) Non-current investments	10	135,485,546	409,746,172
(c) Long Term Loans & Advances	11	12,995,800	7,904,240
(d) Other non-current assets	12	9,390,946	19,007,014
<b>(2) Current assets</b>			
(a) Trade receivables	13	72,394,845	242,002,948
(b) Cash and cash equivalents	14	23,190,205	27,781,578
(c) Short-term loans and advances	15	12,652,921	980,215
(d) Other current assets	16	1,851,878	14,397,845
<b>Total</b>		<b>276,275,021</b>	<b>732,503,530</b>

The schedules referred to above and Significant accounting policies and notes to accounts form an integral part of the financial statements. This is the Balance Sheet referred to in our report of even date.

**For P.Murali & Co.,**  
Firm Regn. No: 007257S  
Chartered Accountants

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

**P.Murali Mohana Rao**  
Partner  
Membership No. 023412

**Stefan Hetges**  
Wholetime Director & CEO

**D.R.R Swaroop**  
Wholetime Director

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2013

**Venkat Motaparthy**  
Director

**V.Ramana Reddy**  
Company Secretary

**Standalone Profit and Loss Statement for the Year ended 31<sup>st</sup> March, 2013.**

Amount in Rs.

Particulars	Note No.	For the Year Ended	
		31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
I. Revenue from operations	17	217,983,410	307,939,554
II. Other Income	18	14,949,911	20,647,243
<b>III. Total Revenue (I +II)</b>		<b>232,933,321</b>	<b>328,586,797</b>
IV. Expenses:			
Employee benefit expense	19	151,560,311	143,704,465
Other Operating Expenses	20	512,960,952	17,957,092
Administrative Expenses	21	35,411,446	34,432,223
Finance costs	22	1,408,047	5,361,212
Depreciation and amortization expense	9	4,758,022	83,053,646
Impaired Intangible Assets	9	-	30,245,860
Total Expenses		<b>706,098,778</b>	<b>314,754,498</b>
V. Profit before exceptional and extraordinary items and tax (III - IV)		<b>(473,165,457)</b>	<b>13,832,299</b>
VI. Exceptional Items			
I. Prior Period Expenses		10,544,428	(15,015,155)
II. Change in the Carrying Value of Investment		-	37,776,016
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		<b>(483,709,885)</b>	<b>(8,928,563)</b>
VIII. Extraordinary Items		-	-
IX. Profit/(Loss) before tax (VII - VIII)		<b>(483,709,885)</b>	<b>(8,928,563)</b>
X. Tax expense:			
(1) Current tax		-	2,735,008
(2) Deferred tax		2,905,151	(13,265,178)
XI. Profit/(Loss) from the period from continuing operations (IX - X)		<b>(486,615,036)</b>	<b>1,601,607</b>
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		<b>(486,615,036)</b>	<b>1,601,607</b>
XVI. Earning per equity share:			
(1) Basic		-	0.08
(2) Diluted		-	0.08

The schedules referred to above and Significant accounting policies and notes to accounts form an integral part of the financial statements. This is the Profit and Loss Statement referred to in our report of even date.

**For P.Murali & Co.,**

 Firm Regn. No: 007257S  
 Chartered Accountants

**P.Murali Mohana Rao**

 Partner  
 Membership No. 023412

 Place: Hyderabad  
 Date: 28<sup>th</sup> May, 2013

**For and on behalf of Board of Directors**
**Stefan Hetges**

Wholtime Director &amp; CEO

**Venkat Motaparthi**

Director

**D.R.R Swaroop**

Wholtime Director

**V.Ramana Reddy**

Company Secretary

**Standalone Cashflow for the period ended 31<sup>st</sup> March, 2013.**

Amount in Rs.

Particulars	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
<b>A. Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before tax	(483,709,885)	(8,928,563)
Adjustment for :		
Depreciation & Amortization	4,758,022	83,053,646
Dividend Income from Mutual Funds	-	157,613
Interest Income	(479,863)	19,085
Interest Expenses (net)	1,408,047	5,361,212
Provision for Gratuity & Leave encashment	(1,307,532)	1,250,413
Loss on sale of Assets (Net)	2,697,328	1,438,498
Loss on sale of Investment	272,898,671	-
Operating profit before working capital changes	<b>(203,735,212)</b>	<b>82,351,903</b>
Adjustment for:		
Change in Trade receivables	169,608,103	(27,696,565)
Change in Short-term loans and advances	873,262	(5,869,865)
Change in Current Liabilities and Provision	59,175,417	(83,933,325)
<b>Cash generated from operations</b>	<b>25,921,569</b>	<b>(35,147,851)</b>
Income tax (paid)/ refunded	-	(2,735,008)
<b>Net cash from operating activities</b>	<b>A 25,921,569</b>	<b>(37,882,859)</b>
<b>B. Cash Flow from Investing Activities</b>		
(Purchase) / Sale of Fixed Assets	(5,084,712)	22,669,494
(Purchase) / Sale of Investments	1,361,955	50,408,582
Interest received	479,863	(19,085)
Dividend Income from Mutual Funds	-	(157,613)
Long Term Loans & Advances (Deposits)	4,524,508	-
<b>Net cash from investing activities</b>	<b>B 1,281,613</b>	<b>72,901,378</b>

Amount in Rs.

Particulars	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
<b>C. Cash Flows from Financing Activities</b>		
Increase (Decrease) in working capital Loan (net)	(30,386,509)	(19,375,059)
Interest Paid	(1,408,047)	(5,361,212)
Increase (Decrease) in Share Capital	-	-
<b>Net cash used from financing activities</b>	<b>C (31,794,556)</b>	<b>(24,736,271)</b>
<b>Net change in cash (A+B+C)</b>	<b>(4,591,373)</b>	<b>10,282,249</b>
Cash and cash equivalents at beginning of year	27,781,578	17,499,329
Cash and cash equivalents at end of year	23,190,205	27,781,578

The above Cash Flow statement is prepared under the Indirect Method set out in the Accounting Standard in Cash Flow Statements (AS-3) issued by the ICAI.

**For P.Murali & Co.**

Firm Regn. No: 007257S  
Chartered Accountants

**P.Murali Mohana Rao**

Partner  
Membership No. 23412

Place: Hyderabad  
Date: 28<sup>th</sup> May, 2013

**For and on behalf of Board of Directors**
**Stefan Hetges**

Wholetime Director & CEO

**Venkat Motaparthi**

Director

**D.R.R Swaroop**

Wholetime Director

**V.Ramana Reddy**

Company Secretary

Notes to Standalone Financial Statements for the year ended March 31<sup>st</sup>, 2013

Amount in Rs.

## NOTE NO. 1 : SHARE CAPITAL

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
a	<b>Equity Share Capital</b>		
	(a) Authorised		
	(No. of Shares 3,00,00,000 Current Year)	300,000,000	-
	(No. of Shares 3,00,00,000 Previous Year)	-	300,000,000
	(b) Issued		
	(No. of Shares 1,96,31,015 Current Year)	196,310,150	-
	(No. of Shares 1,96,31,015 Previous Year)	-	196,310,150
	(c) Subscribed & Fully Paid Up		
	(No. of Shares 1,96,31,015 Current Year)	196,310,150	-
	(No. of Shares 1,96,31,015 Previous Year)	-	196,310,150
	(d) Subscribed & not fully paid up	-	-
	(e) Par Value per share Rs. 10/-	-	-
	<b>Total share Capital</b>	<b>196,310,150</b>	<b>196,310,150</b>
b	<b>A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</b>		
	<b>Equity Shares of Rs.10 each, fully paid up</b>		
	At the Beginning	19,631,015	15,824,415
	Issued during the year - Bonus Issue	-	3,806,600
	Issued during the year - Cash Issue	-	-
	Issued during the year - ESOP	-	-
	Forfeited / Bought Back during the year at the end	19,631,015	19,631,015
	<b>Details of Shareholder holding more than 5% shares of the company :</b>	<b>% of Share Holding</b>	
	<b>Equity Shares of Rs. 10 each held by</b>		
	<b>Share Holder Name</b>	<b>No. of Shares</b>	
		31-Mar-13	31-Mar-12
	1. Internet Business Capital Corporation	8,399,269	7,589,349
	2. SmarShift AG	2,056,600	2,056,600
	3. OurVox Holdings LLC	-	1,750,000
		42.79%	38.66%
		10.48%	10.48%
		-	8.91%

**NOTE NO. 2 : RESERVES & SURPLUS**

Amount in Rs.

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
<b>I</b>	<b>RESERVES AND SURPLUS:</b>		
	(a) Capital Redemption Reserve		
	As at the commencement of the year	499,000	499,000
	Add: Additions during the year	-	-
	Less: Utilised for during the year	-	-
		<b>499,000</b>	<b>499,000</b>
	(b) Securities Premium Account		
	As at the commencement of the year	225,215,578	171,923,178
	Add: Additions during the year	-	53,292,400
	Less: Utilised for during the year	-	-
		<b>225,215,578</b>	<b>225,215,578</b>
	(c) Revaluation reserve	21,861,307	21,861,307
	(d) Surplus :		
	Opening Balance - Profit and Loss Account	178,954,414	177,352,807
	Add: Transfer from Profit & Loss Account	(486,615,036)	1,601,607
	Less: Transfer To General Reserve	-	-
	Less: Goodwill Written Off	-	-
		<b>(307,660,622)</b>	<b>178,954,415</b>
	<b>Total Reserves and Surplus</b>	<b>(60,084,736)</b>	<b>426,530,300</b>

**NOTE NO. 3 : DEFERRED TAX LIABILITY (NET)**

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
I	Opening deferred tax Liability	14,937,747	14,937,747
	Add:		
	Deferred Tax Liability for the year (Due to SLM and WDV Difference)	4,607,081	-
	Deferred Tax Liability for the year (Due to Others)		
	<b>Gross Deferred tax Liability</b>	<b>19,544,82</b>	<b>14,937,747</b>
	Opening deferred tax Asset	13,265,178	-
	Provision for Gratuity and Compensated Absences and doubtful debt	1,701,930	13,265,178
	<b>Gross Deferred tax Asset</b>	<b>14,967,108</b>	<b>13,265,178</b>
	<b>Net Deferred tax Liability</b>	<b>4,577,720</b>	<b>1,672,569</b>

## NOTE NO. 4 : LONG TERM PROVISIONS

Amount in Rs.

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
I	<b>a) Provision for employee benefits</b>		
	(1) Provision for Gratuity	4,640,261	5,755,621
	(2) Provision for Privilege Leave Encashment	600,577	792,749
	<b>Total Long Term Provisions</b>	<b>5,240,838</b>	<b>6,548,370</b>

## NOTE NO. 5 : SHORT TERM BORROWINGS

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
I	<b>SHORT TERM BORROWINGS</b>		
	<b>a) Loans repayable on demand:</b>		
	<b>From Banks</b>		
	a) Secured	-	30,386,509
	Note:		
	<b>Primary security:</b> Hypothecation of entire current assets and movable fixed assets (except hire purchase vehicles) of the company.		
	<b>Collateral security:</b> Extn of EM of land and Building of Cambridge Technology India Pvt Ltd., situated at Plot No.22 within Sy. No.14 of Electronic City, Bangalore, admeasuring 43518.94 Sft (4047.00 Sq.mts)		
	<b>Personal guarantee</b> of Shri DRR Swaroop, Whole-Time Director.		
	<b>Total Short Term Borrowings</b>	<b>-</b>	<b>30,386,509</b>

## NOTE NO. 6 : TRADE PAYABLES

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
I	<b>a) Trade Payables</b>		
	(a) Outstanding for a period exceeding six months	-	278,890
	(b) Outstanding for a period not exceeding six months	6,762,999	3,863,043
	(c) Others	-	-
	<b>Total Trade Payables</b>	<b>6,762,999</b>	<b>4,141,933</b>

**NOTE NO. 7 : OTHER CURRENT LIABILITIES**

Amount in Rs.

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
I	a) Inter Company loans & Advances	81,372,300	-
	b) Rent Deposit Received from CTIPL	1,000,000	-
	c) CTE-Trust ESOP	18,700,683	18,700,683
	d) CTE Inc Exp Reimbursement Payable	-	20,435,773
	e) Provision for Dividend	83,286	83,286
	f) Share Refund	75,939	75,939
	g) Other Payables	1,645,700	198,567
	<b>Total Other Current Liabilities</b>	<b>102,877,908</b>	<b>39,494,248</b>

**NOTE NO. 8 : SHORT TERM PROVISIONS**

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
I	(a) Provision for Employee Benefits		
	Salaries & Benefits	7,605,371	9,387,933
	Variable component	6,127,325	11,090,610
	(b) Other Provisions		
	Provision for Income Tax	-	2,613,765
	Statutory Dues	1,967,510	1,930,670
	Audit Fee	750,000	758,430
	Expenses	3,872,911	1,638,044
	Provision for Gratuity & Leave Encashment	267,025	-
	<b>Total Short term Provisions</b>	<b>20,590,142</b>	<b>27,419,452</b>

Note No: 9

## FIXED ASSETS :

Amount in Rs.

i	Tangible Assets	Gross Block						Depreciation/Impairment					Net Block	
		S.No.	Name of Asset	Cost as at 01.04.2012	Additions During the Period	Deletions during the period	Cost as at 31.03.2013	Up to 01.04.2012	For the Period	Deletions during the period	Impairment	Total upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
1	Plant & Machinery	2,910,377	-	1,900,376	1,010,001	667,180	287,180	554,638	-	399,723	610,278	2,243,197		
2	Electrical Fittings	85,690	-	-	85,690	14,562	9,894	-	-	24,456	61,234	71,128		
3	Furniture & Fixtures	3,172,944	9,940	2,544,676	638,208	935,939	343,743	783,228	-	496,454	141,754	2,237,005		
4	Computers	20,167,607	746,878	678,064	20,236,421	17,725,594	1,111,800	387,567	-	18,449,826	1,786,595	2,442,013		
5	Office Equipment	1,750,134	76,533	325,289	1,501,378	365,868	196,338	120,882	-	441,324	1,060,054	1,384,266		
6	Software	23,781,793	5,156,122	-	28,937,915	21,475,883	2,809,067	-	-	24,284,950	4,652,965	2,305,910		
	<b>TOTAL</b>	<b>51,868,545</b>	<b>5,989,473</b>	<b>5,448,405</b>	<b>52,409,613</b>	<b>41,185,026</b>	<b>4,758,022</b>	<b>1,846,315</b>	<b>-</b>	<b>44,096,733</b>	<b>8,312,880</b>	<b>10,683,518</b>		
	<b>Previous Year</b>	<b>385,737,583</b>	<b>8,063,983</b>	<b>4,211,508</b>	<b>389,590,058</b>	<b>267,892,425</b>	<b>83,053,646</b>	<b>2,285,391</b>	<b>30,245,860</b>	<b>378,906,540</b>	<b>10,683,518</b>	<b>117,845,156</b>		

**NOTE NO. 10 : NON-CURRENT INVESTMENTS**

Amount in Rs.

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
I	(1) Investments in Subsidiaries		
	(a) Equity Shares		
	Cambridge Technology India Pvt Ltd (100% Holding)	135,485,546	135,485,546
	SmartShift group Limited (100% Holding)	-	274,260,626
	<b>Total Non-Current Assets</b>	<b>135,485,546</b>	<b>409,746,172</b>

**NOTE NO. 11 : LONG TERM LOANS AND ADVANCES**

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
I	<b>Secured, Considered good</b>		
	a) Rent Deposit	12,381,500	7,289,940
	b) Guest House Rent-Srinagar Colony	66,000	66,000
	c) Other Deposits	210,500	210,500
	d) Fixed Deposit With State Bank of Hyderabad	337,800	337,800
	<b>Total Long Term Loans and Advances</b>	<b>12,995,800</b>	<b>7,904,240</b>

**NOTE NO. 12 : OTHER NON CURRENT ASSETS**

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
I	a) MAT Entitlement Receivable	3,152,740	13,185,753
	b) Input Service Tax	3,738,206	3,321,261
	c) Service Tax Protest	2,500,000	2,500,000
	<b>Total Other Non Current Assets</b>	<b>9,390,946</b>	<b>19,007,014</b>

**NOTE NO. 13 : TRADE RECEIVABLES**
**Amount in Rs.**

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
<b>I</b>	Outstanding for a period exceeding six months from the date they are due for payment		
	Secured, Considered Good	-	-
	Unsecured, Considered Good	-	82,310,559
	Doubtful	-	-
		-	82,310,559
	Less: Allowance for Bad & Doubtful Debts	-	-
		-	82,310,559
<b>II</b>	Other Receivables		
	Secured, Considered Good	-	-
	Unsecured, Considered Good	72,394,846	159,692,389
	Doubtful	-	-
		72,394,846	159,692,389
	Less: Allowance for Bad & Doubtful Debts	-	-
		72,394,846	159,692,389
	<b>Total Trade Receivables</b>	<b>72,394,846</b>	<b>242,002,948</b>

**NOTE NO. 14 : CASH AND BANK BALANCES**

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
<b>I</b>	Cash and Cash Equivalents		
	(a) Balances with Bank		
	(i) Current Account Balances	13,161,592	27,758,551
	(ii) Fixed Deposit	10,000,000	-
	(b) Cash on hand	28,613	23,027
	<b>Total Cash and Bank Balances</b>	<b>23,190,205</b>	<b>27,781,578</b>

## NOTE NO. 15 : SHORT TERM LOANS AND ADVANCES

Amount in Rs.

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
I	a) Deposits	11,173,349	471,171
	b) Advances to Vendors	1,100,000	53,846
	c) Advances to Employees	341,829	455,198
	d) Others	37,743	-
	<b>Total Short Term Loans and Advances</b>	<b>12,652,921</b>	<b>980,215</b>

## NOTE NO. 16 : OTHER CURRENT ASSETS

S.No	Particulars	As at 31-03-2013	As at 31-03-2012
I	a) TDS Receivables	140,364	2,278,759
	b) Unbilled Revenue	-	8,104,180
	c) Prepaid Expenses	1,711,514	4,014,906
	<b>Total Other Current Assets</b>	<b>1,851,878</b>	<b>14,397,845</b>

**Notes to Standalone Financial Statements** for the year ended March 31<sup>st</sup>, 2013**NOTE NO. 17 : REVENUE FROM OPERATIONS**

Amount in Rs.

S.No.	Particulars	Year Ended 31-03-2013	Year Ended 31-03-2012
(i)	Revenue from operations in respect of non-finance company		
	(a) Sale of Products	-	-
	(b) Sale of Services	217,983,410	307,939,554
	<b>Total Revenue from Operations</b>	<b>217,983,410</b>	<b>307,939,554</b>

**NOTE NO. 18 : OTHER INCOME**

S.No.	Particulars	Year Ended 31-03-2013	Year Ended 31-03-2012
I	(a) Interest Income (on Bank Deposits)	479,863	19,085
	(b) Dividend Received on Mutual funds	-	157,613
	(c) Exchange Fluctuation gain	13,696,987	20,470,545
	(d) Other Misc. Incomes	773,061	-
	<b>Total Other Income</b>	<b>14,949,911</b>	<b>20,647,243</b>

**NOTE NO. 19 : EMPLOYEE BENEFIT EXPENSES**

S.No.	Particulars	Year Ended 31-03-2013	Year Ended 31-03-2012
I	(a) Salaries and bonus	137,585,600	127,822,318
	(b) Fees to Contract Employees	5,015,783	5,555,334
	(c) Staff Welfare Expenses	1,222,447	1,250,416
	(d) Employee other benefit expenses	7,736,481	9,076,397
	<b>Total Employee Benefit Expenses</b>	<b>151,560,311</b>	<b>143,704,465</b>

**NOTE NO. 20 : OTHER OPERATING EXPENSES**

Amount in Rs.

S.No.	Particulars	Year Ended 31-03-2013	Year Ended 31-03-2012
I	(a) Power & Fuel	4,178,477	3,751,509
	(b) Rent	12,310,131	9,561,770
	(c) Insurance	728,742	497,619
	(d) Dues & Subscriptions	672,931	326,373
	(e) Payment to Auditors:		
	(i) Audit Fee	675,000	675,000
	(ii) For Taxation Matters	75,000	75,000
	(iii) For Internal auditor	350,000	300,000
	(f) Net loss on sale of assets	2,697,328	1,438,498
	(g) Cost of software licenses	1,432,799	1,247,882
	(h) Bad Debts	214,881,750	-
	(i) Miscellaneous Expenses	2,060,123	83,441
	(j) Loss on sale on Investment	272,898,671	-
	<b>Total Other Expenses</b>	<b>512,960,952</b>	<b>17,957,092</b>

**NOTE NO. 21 : ADMINSTRATIVE EXPENSES**

S.No.	Particulars	Year Ended 31-03-2013	Year Ended 31-03-2012
I	(a) Telephone, Postage and Others	3,002,285	2,692,083
	(b) Office Maintenance	4,895,052	5,538,983
	(c) Managerial Remuneration	1,200,000	1,200,000
	(d) Directors Sitting Fee	260,000	270,000
	(e) Traveling and Conveyance	11,038,296	11,997,830
	(f) Consultancy Charges	10,507,684	9,388,945
	(g) Interest on TDS Payments	19,814	363,979
	(h) Rates and Taxes	53,434	815,992
	(i) Computer hire charges	3,991,969	1,661,964
	(j) Bank Charges	442,912	502,447
	<b>Total Administrative Expenses</b>	<b>35,411,446</b>	<b>34,432,223</b>

**NOTE NO. 22 : FINANCE COST**

S.No.	Particulars	Year Ended 31-03-2013	Year Ended 31-03-2012
I	(a) Interest on Working Capital Loan	1,408,047	5,359,389
	(b) Interest on other Loans	-	1,823
	<b>Total Finance Cost</b>	<b>1,408,047</b>	<b>5,361,212</b>

## Notes to Financial Statements

23. During the year under review the debt holders in the Company's wholly owned subsidiary smartShiftgroup Limited (formerly known as Cambridge Technology Enterprises- Mauritius Limited) have converted their debt to the extent of \$ 4,137,930 into equivalent number of equity shares. With this conversion the Company's equity holding has come down to 29.68% from 100%.
24. The Company sold the residual stake of 29.68% for a consideration of US\$25,000 for which the company has submitted information to the authorized dealer to ratify the same. This transaction has resulted into a loss of Rs.27,28,98,671 during the year as the carrying value of the investment was Rs.27,42,60,626. The valuation of smartShiftgroup Limited as on the date of transaction was negative Rs. 21.11 crores which was carried out by an independent expert.
25. The Company written off the trade receivables, amounting to Rs.21,48,81,750 due from erstwhile wholly owned step down subsidiary Cambridge Technology Enterprises Inc. The company has made an application to RBI through the authorized dealer for the approval of the same.
26. The Company has made a petition with the High Court for the merger of its wholly owned subsidiary Cambridge Technology India Private Limited. The decision of high Court is awaited in this matter.
27. The Company has consolidated the Profit & Loss statements of erstwhile subsidiary companies for the period from 1<sup>st</sup> April, 2012 to 26<sup>th</sup> March, 2013 i.e., till the date on which the subsidiary smartShiftgroup Limited (formerly known as Cambridge Technology Enterprises - Mauritius Limited) and resulting step down subsidiaries - Cambridge Technology Enterprises Inc., smartShift GmbH and VoxHoldings Inc were sold.

### 28. Details of Deposits

Deposit amount consists of Rental Deposit of Cyber Spazio building, Fixed Deposits in Axis Bank and SBH and others.

### 29. Employee Stock Option Scheme

The Group has three stock option plans that are currently operational.

#### ***CTEL ESOP 2006***

The 2006 Plan was approved by the board of directors on April 13, 2006 and by the shareholders on April 21, 2006, under which scheme 1,236,542 options were granted till date of 31<sup>st</sup> March, 2013.

Changes in number of options outstanding were as follows:

	As at March 31	
	2013	2012
Options outstanding beginning of period	192,538	220,269
Granted during the year	Nil	Nil
Less: Exercised	Nil	Nil
Lapsed *	76,000	27,731
Options outstanding end of period	116,538	192,538

\* Options were lapsed for those who had left the company or didn't exercise their options during the vesting period of their options

***CTEL ESOP SCHEME 2008***

The 2008 Plan was approved by the board of directors on March 20, 2008 and by the shareholders through postal ballot results of which was declared on March 5, 2008, under which scheme 1,500,000 options were granted till date of 31st March, 2013.

Changes in the number of options outstanding:

	As at March 31	
	2013	2012
Options outstanding beginning of period	296,904	391,904
Granted during the year	Nil	Nil
Less: Exercised	Nil	Nil
Lapsed *	223,023	95,000
Options outstanding end of period	73,881	296,904

*\* Options were lapsed for those who had left the company or didn't exercise their options during the vesting period of their options*

***CTEL ESOP SCHEME 2011***

The 2011 Plan was approved by the board of directors on December 10, 2010 and by the shareholders through postal ballot results of which was declared on January 24, 2011, under which scheme 644,000 options were granted till date of 31<sup>st</sup> March, 2013.

Changes in the number of options outstanding:

	As at March 31	
	2013	2012
Options outstanding beginning of period	529,000	295,000
Granted during the year	20,000	329,000
Less: Exercised	Nil	Nil
Lapsed*	4,05,000	95,000
Options outstanding end of period	1,44,000	5,29,000

*\* Options were lapsed for those who had left the company or didn't exercise their options during the vesting period of their options*

*Pro forma Disclosure*

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for associate stock option plans been recognized based on the fair value at the date of grant in accordance with Black Scholes' model, the pro forma amounts of the Group's net profit and earnings per share would have been as follows:

(Amount in Rs.)

	Year ended March 31,	
	2013	2012
Net Profit/Loss (as reported)	(486,615,036)	1,601,607
Add: Stock based employee compensation	-	-
Less: Stock based compensation expenses determined under fair value method (pro forma)	-	-
Net Profit (Pro forma)	(486,615,036)	1,601,607
Earnings per share (Rs.)		
Basic - as reported	-	0.08
- as pro forma	-	0.08
Diluted - as reported	-	0.08
- as pro forma	-	0.08

The key assumptions used in Black-Scholes' model for calculating fair value are: risk-free interest rate ranging from 6.73% to 7.85% (FY 2012 - 6.73% to 7.85%), expected life: 3 years to 4 years (FY 2012 - 3 years to 4 years), expected volatility of shares 63.77% to 72.66% (FY 2012 - 63.77% to 72.66%), dividend yield 0% (FY 2012 - 0%). The range variables detailed herein represent the highs and the lows of the assumptions during the pendency of the grant dates.

**30. Related party transactions**

## Key Management Personnel

Stefan Hetges Whole-time Director and Chief Executive Officer

D.R.R Swaroop Whole-time Director

## Enterprises over which Control exists

Cambridge Technology Enterprises - Mauritius Limited ('CTEM') Wholly owned subsidiary w.e.f 13 August 2010

Cambridge Technology Enterprises Inc ('CTE Inc') Wholly owned subsidiary of CTEM w.e.f 1 October 2010

smart Shift, GmbH - Germany Wholly owned subsidiary of CTEM w.e.f 1st Oct, 2010.

Vox Holding Inc. - USA Wholly owned subsidiary of CTEM w.e.f 1st Oct, 2010

Cambridge Technology India Private Limited ('CTIPL') Wholly owned subsidiary w.e.f October 2008

 ComcreationInc  
 Reilly & Associates Inc  
 CellExchangeInc Wholly owned subsidiary of CTE Inc, w.e.f 2007-08, got merged with CTE Inc. w.e.f 24th June 2010.

*Note : Control over above subsidiaries has been ceased from 26th March, 2013 due to sale of Smartshift group Limited which is a wholly owned subsidiary of M/s. Cambridge Technology Enterprises Limited to Smartshift Group Inc.*

*Enterprises over which significant influence exercised by key management personnel/close family member of key management personnel*

D.S. UnicsInfotech limited D.R.R. Swaroop is a Director in the Company

Nature of Transaction	Year ended March 31	
	2013	2012
<i>Transactions with key management personnel</i>		
Remuneration *		
-D.R.R. Swaroop	1,200,000	1,200,000
Amount Payable		
-D.R.R. Swaroop	73,778	-
Amount Receivables		
-D.R.R. Swaroop	3,30,000	-

Transactions with enterprises over which Control exists

Nature of Transaction	Year ended March 31	
	2013	2012
Sale of services - CTE Inc.	217,983,410	299,835,374
Sale of services- smart Shift Inc.		-
Expenses reimbursement, net- CTE Inc.	37,744	20,435,773
Balance receivable/(payable)	72,432,590	172,248,974
<b>Loans and advances</b>		
Loans and advances given		
-Cambridge Technology India Pvt. Ltd.	25,725,104	14,711,955
Repayment of loans and advances		
-Cambridge Technology India Pvt. Ltd.	107,097,404	14,032,648
Balance outstanding		
- Cambridge Technology India Pvt. Ltd.	-81,372,300	-
Investment made in shares	-	409,746,172

**31. Reconciliation of basic and diluted shares used in computing earnings per share**

	As at March 31,	
	2013	2012
Number of shares considered as basic weighted average shares outstanding	19,631,015	19,631,015
Add: Effect of dilutive issue of stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	19,631,015	19,631,015

**32. Leases**

Operating Lease

The Company leases office premises under operating lease agreement that is renewable on a periodic basis at the option of the both the lessor and the lessee. Rental expense under those leases was Rs.11,883,622/- (Previous year Rs. 9,148,802/-).

*Finance Leases*

The Company is not having any finance lease agreements as at March 31, 2013.

**33. Segment reporting**

As required by the Accounting Standard - 17, 'Segment reporting', the Company is mainly engaged in the area of software development and related services. Hence segment reporting is not applicable to the Company and to the nature of business.

**34. Managerial Remuneration**

The key management personnel comprise our directors and statutory officers. Particulars of remuneration and other benefits provided to key management personnel during the year ended March 31, 2013 and 2012 are as follows:

	Year ended March 31,	
	2013	2012
Remuneration*	1,200,000	1,200,000
Perquisites and Allowances	-	-
Directors sitting fee	260,000	270,000

\*Remuneration is net of accrual towards Gratuity, a defined benefit plan and provident fund which is managed for the Company as a whole. Contributions to defined benefit plan and provident fund and other perquisites and allowances have been included in Schedule 19 and 21.

**35. Details of advances and loans given to subsidiary Companies**

Name of subsidiary	Balance outstanding as at March 31,		Maximum balance outstanding as at March 31,	
	2013	2012	2013	2012
CTIPL (Cambridge Technology India Pvt. Ltd.)	(81,372,300)	-	16,489,002	9,234,869

**36. Retirement benefits to employees**
*Defined contribution plan*

During year ended March 31, 2013, the Company contributed Rs. 2,871,447/- to provident fund (Previous Year Rs. 2,537,905/- was contributed to provident fund).

*Defined benefit plan - gratuity and privilege leave*

The amounts recognized in the balance sheet as at March 31, 2013 are as follows:

	<b>31<sup>st</sup> Mar'13</b>	<b>31<sup>st</sup> Mar'12</b>
Present value of funded obligations	5,507,863	6,548,370
Fair value of plan assets	-	-
Net liability	5,507,863	6,548,370
Amount in balance sheet		
Liability	5,507,863	6,548,370
Asset	-	-
Net Liability	5,507,863	6,548,370

The amounts recognized in the profit and loss account for the year ended March 31, 2013 are as follows.

	<b>31<sup>st</sup> Mar' 2013</b>	<b>31<sup>st</sup> Mar' 2012</b>
Current service cost	391,854	558,504
Interest cost	523,870	363,458
Expected return on plan assets	-	-
Recognized net actuarial loss/gain	342,583	2,824,230
Net Benefit Expense	1,258,307	3,746,192

Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

	<b>31<sup>st</sup> Mar' 2013</b>	<b>31<sup>st</sup> Mar' 2012</b>
Defined benefit obligation at beginning of the year	6,548,370	4,552,227
Current service cost	391,854	558,504
Interest cost	523,870	363,458
Benefits paid	(2,298,814)	(1,750,049)
Actuarial loss/(gains)	342,583	2,824,230
Defined benefit obligation at end of the year	5,507,863	6,548,370

Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

	31 <sup>st</sup> Mar' 2013	31 <sup>st</sup> Mar' 2012
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gains	-	-
Contribution by employer	2,298,814	1,750,049
Benefits paid	2,298,814	1,750,049
Fair value of plan assets at the end of the year	-	-

The assumptions used in accounting for the gratuity plan are set out as below:

Discount Rate	8.00%	8.00%
Expected return on plan assets	5.00%	8.00%
Salary Escalation	7.00%	7.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long term plans of growth and industry standards.

### 37. Supplementary Information

#### Contingencies & Guarantees

- i) Previous year, the company has given corporate guarantee as against Senior Secured Convertible Debt Notes, Convertible Debt Notes and Redeemable Bonds issued by the subsidiary M/s. Cambridge Technology Enterprises Mauritius Limited to the extent of Rs.647.43 Millions (USD 14.50 Millions). As of 31<sup>st</sup> March 2013, this corporate guarantee was extinguished since smartShiftgroup Limited no longer remain the wholly owned subsidiary which was sold on 27<sup>th</sup> March, 2013.
- ii) The Company is having contingent service tax liability for an amount of Rs.3,25,76,183/- which is pending before Service Tax Appellate Tribunal, South Zonal Bench, Bangalore.

**(i) Earnings in foreign currency (FOB), on accrual basis**

	Year ended March 31,	
	2013	2012
Software development and services	217,983,410	299,835,374
<b>Total</b>	<b>217,983,410</b>	<b>299,835,374</b>

**(ii) Expenditure in foreign currency, on accrual basis**

	Year ended March 31,	
	2013	2012
Traveling & Others	2,673,818	2,442,011
<b>Total</b>	<b>2,673,818</b>	<b>2,442,011</b>

**38. Payables to micro enterprises and small enterprises**

There were no overdue principal amounts (and interest thereon) payable to micro enterprises and small enterprises, as at March 31, 2013.

**39. Quantitative details**

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

**40. Prior year comparatives.**

Previous years' figures have been regrouped and reclassified wherever necessary to confirm to current year's classification.

**For P. Murali & Co.**  
Chartered Accountants  
Firm Regn. No.007257S

**For and on behalf of board**

**P.Murali Mohana Rao**  
Partner  
Membership No: 23412

**Stefan Hetges**  
Whole-time Director & CEO

**D.R.R.Swaroop**  
Whole-time Director

**Venkat Motaparthi**  
Director

**V. Ramana Reddy**  
Company Secretary

Place: Hyderabad  
Date: 28-05-2013

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

*(All amounts have been presented in Rupees unless otherwise specified)*

**1. Company overview**

Cambridge Technology Enterprises Limited, "the Company" is an information technology services provider dedicated to serving the midsize market enterprises and the midsize units of Global 2000 enterprises across the spectrum of business industries. The Company was incorporated on January 28, 1999 in Hyderabad, Andhra Pradesh, India.

**2. Significant accounting policies****2.1 Basis of preparation of financial statements**

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Indian Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

**2.2 Use of estimates**

The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Actual results could differ from those estimates. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets. 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. Where no reliable estimate can be made, a disclosure is made as contingent liability. Actual results could differ from those estimates.

**2.3 Revenue recognition***Income from Software services and products*

Revenue from professional services consist primarily of revenue earned from services performed on a "time and material" basis. The related revenue is recognized as and when the services are performed. The Company also performs time bound fixed-price engagements, under which revenue is recognized using the percentage of completion method of accounting. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated.

Amounts received or billed in advance of services performed are recorded as advance from customers/unearned revenue. Unbilled revenue, included in debtors, represents amounts recognized based on services performed in advance of billing in accordance with contract terms. Unearned revenue is calculated on the basis of the unutilized period of time at the Balance Sheet and represents revenue which is expected to be earned in future periods in respect of internet, e-mail services, electronic data interchange and web hosting services.

Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts requiring significant implementation services, where revenue is recognized as per the percentage of completion method.

#### *Other income*

Loss on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment. Dividend income is recognized when the Company's right to receive dividend is established.

Interest is recognized using the time-proportion method, based on rates implicit in the transaction.

## **2.4 Fixed Assets**

#### *Tangible assets*

Tangible assets are stated at actual cost less accumulated depreciation. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction/installation stage.

#### *Intangible assets*

Intangible assets are recorded at consideration paid for acquisition and other direct costs that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

#### *Capital Work in progress*

Assets under installation or under construction as at the Balance sheet date are shown as capital work in progress. Advances paid towards acquisition of assets are also included under capital work in progress.

#### *Depreciation*

Depreciation on the Tangible Fixed Assets of the Company is provided on Written down Value method as per Schedule XIV of the Companies Act, 1956 on pro-rata basis. Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition. Leasehold improvements are written off over the lower of, the remaining primary period of lease or the life of the asset.

#### *Amortization*

Software used in development for projects are amortized over the license period or estimated useful life of two years, whichever is lower. Cost of internally developed software including the incidental costs is amortized over a period of three years.

The cost of and the accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the profit and loss account. Lease payments under operating lease are recognized as an expense in the profit and loss account. An impairment loss is recognized wherever the carrying amount of the fixed assets exceeds its recoverable amount.

## **2.5 Finance leases**

Assets taken on lease are capitalized at fair value or net present value of the minimum lease payments, whichever is lower. Depreciation on the assets taken on lease is charged at the rate applicable to similar type of owned fixed assets refer accounting policy 2.4. Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease.

## **2.6 Investments**

Investments are either classified as current or long-term, based on the Management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

## **2.7 Foreign Currency transactions and translation**

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

## **2.8 Employee Stock Option Scheme**

Stock options granted to the employees under the stock option schemes established after June 19, 1999 are evaluated as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 issued by Securities and Exchange Board of India and the Guidance Note on Accounting for employee share-based payments issued by the Institute of Chartered Accountants of India. Accordingly the Company measures the compensation cost relating to employee stock options using the intrinsic value method. The compensation cost is amortized on a straight line basis over the total vesting period of the stock options.

## **2.9 Taxes on Income**

Tax expense for the year comprises of current tax and deferred tax.

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

## 2.10 Earnings per share

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item is considered. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

## 2.11 Retirement benefits to employees

### *Gratuity*

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees, based on actuarial valuation made by an independent actuary as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment.

### *Provident fund*

Contributions to defined Schemes such as Provident Fund are charged as incurred on accrual basis. Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the government administered authority.

# Summary of Subsidiary Companies

**CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED**

Financial Statement on Subsidiaries pursuant to approval of the Central Government under Section 212(8) of the Companies Act, 1956

Name of the Subsidiary	Cambridge Technology India Pvt Ltd	smartShift Group Ltd, Mauritius - SSGL (formerly CTE- Mauritius Ltd)	"smartShift Technologies Inc. (USA) "(formerly CTE Inc)"	Voxholding Inc., (USA)	"smartShift Technologies GmbH, (Germany) "(formerly smartShift GmbH)"
	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2013
1	Issued and Subscribed Share Capital	4,571,000	ceased to be wholly owned subsidiary w.e.f. 27 <sup>th</sup> March, 2013	ceased to be step down subsidiary w.e.f. 27 <sup>th</sup> March, 2013	ceased to be step down subsidiary w.e.f. 27 <sup>th</sup> March, 2013
2	Reserves	120,236,718			
3	Total Assets	137,041,144			
4	Total Liabilities	12,233,426			
5	Investments (except investment in subsidiaries)	-			
6	Turnover	97,957,625			
7	Profit/(Loss) Before Taxation	99,911,774			
8	Provision for taxation	(802,466)			
9	Profit/(Loss) After taxation	100,714,240			
10	Proposed Dividend	Nil	Nil	Nil	Nil

**CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED**

Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956

Name of the Company	Cambridge Technology India Pvt Ltd - SSSL (formerly CTE-Mauritius Ltd)	smartShift Group Ltd, Mauritius (formerly CTE Inc)"	"smartShift Technologies Inc. (USA)"	Voxholding Inc., (USA) (Germany) "(formerly smartShift GmbH)"	"smartShift Technologies GmbH,
1	Financial year of the Subsidiary Company	31.3.2013	31.3.2013	31.3.2013	31.3.2013
2	Number of shares in the Subsidiary Company held by Cambridge Technology Enterprises Ltd on the above date	457,100	ceased to be subsidiary w.e.f. 27 <sup>th</sup> March, 2013	ceased to be subsidiary w.e.f. 27 <sup>th</sup> March, 2013	ceased to be step down subsidiary w.e.f. 27 <sup>th</sup> March, 2013
3	Holding Company's interest in percentage	100%	Nil	Nil	Nil
4	Net aggregate amount of Profit/(Loss) of the Subsidiary so far as they concern the members of the Cambridge Technology Enterprises Ltd:		Nil	Nil	Nil
	a) Dealt with in the accounts of Cambridge Technology Enterprises Ltd	Nil	Nil	Nil	Nil
	b) Not dealt within the accounts of Cambridge Technology Enterprises Ltd	100,714,240	Nil	Nil	Nil
5	Net aggregate amount of Profit/(Loss) for the previous financial years of the Subsidiary so far as they concern the members of the Cambridge Technology Enterprises Ltd:				
	a) Dealt with in the accounts of Cambridge Technology Enterprises Ltd	Nil	Nil	Nil	Nil
	b) Not dealt within the accounts of Cambridge Technology Enterprises Ltd	9,159,464	Nil	Nil	Nil
6	Changes in the interest of Cambridge Technology Enterprises Ltd between the last financial year and 31st March, 2013		Nil	Nil	Nil
7	Material changes between the the end of the last financial year and 31 <sup>st</sup> March, 2008	Nil	Refer Note		Nil

**Note:**

Debt holders in the company's wholly owned subsidiary M/s. SSSL have converted their debt to an extent of \$4,137,930 into equivalent number of equity shares and due to which the company's holding has come down to 29.68% from 100% holding in the wholly owned subsidiary M/s SSSL. Consequently other subsidiaries have also ceased to be the step down subsidiaries of the company.

# **Corportate Governance Report**

## Corporate Governance Report

Your Company has complied in all respects, with the requirements of the Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges. A report on the implementation of the Corporate Governance Code of the Listing Agreement by your Company is furnished below:-

### Company's Philosophy on Corporate Governance

Cambridge Technology Enterprises Limited ("CTEL" or "the Company") shall endeavor to adhere to values of good corporate governance and ethical business practices to maintain sound standards of Business Conduct and Corporate Governance.

The Company's philosophy of corporate governance is to consistently communicate and make timely disclosures, so as to ensure transparency, integrity and accountability to enhance the value of the stakeholders and achieve sustainable growth of the Company.

### 1. Board of Directors

#### a. Composition of the Board

As on 31<sup>st</sup> March, 2013, the Board of CTEL consists of four Directors comprising two Executive and two Independent Directors. Every Director informs the Company on annual basis about their position on Board and Board Committee he occupies in other companies including Chairmanships and notifies changes as and when they take place.

The composition of the Board of Directors as on 31st March, 2013 is:

Name	Age	No. of other Directorships	Committee Membership <sup>(1)</sup>	Chairmanship in Committees <sup>(2)</sup>
<b>Whole Time Director</b>				
Stefan Hetges	50	Nil	Nil	Nil
DRR Swaroop	54	Nil	2	Nil
Samir Bhatia <sup>(3)</sup>	52	Nil	Nil	Nil
<b>Independent Directors</b>				
Anand Mallipudi	46	1	2	Nil
Venkat Motaparthy	51	Nil	2	2
L Sridhar <sup>(4)</sup>	60	Nil	Nil	Nil

(1) Including memberships in Committees of CTEL

(2) Including chairmanships in Committees of CTEL

(3) Samir Bhatia, Whole-time Director resigned w.e.f 1<sup>st</sup> March 2013

(4) L. Sridhar, Independent Director resigned w.e.f 21<sup>st</sup> December 2012

**b. Director's attendance at Board and Annual General Meeting**

During the financial year 2012-13, eight board meetings were held. Director's attendance at Board and Annual General Meeting are as below:

<b>Name</b>	<b>No. of Board Meetings held during the tenure of Director</b>	<b>No. of Board meetings attended</b>	<b>Attendance in last AGM</b>
Stefan Hetges	8	7	Present
Samir Bhatia <sup>#</sup>	7	6	Present
D R R Swaroop	8	8	Present
L. Sridhar <sup>^</sup>	5	4	Present
Anand Mallipudi	8	5	Present
Venkat Motaparthy	8	7	Present

<sup>#</sup>Resigned w.e.f 1<sup>st</sup> March 2013

<sup>^</sup>Resigned w.e.f 21<sup>st</sup> December 2012

**2. Committees of the Board**

The Board has constituted the following Committees:

**a. Audit Committee**

As on 31<sup>st</sup> March, 2013, the Audit Committee of CTEL consists of two Directors comprising one Independent Director and Whole-time Director

The composition of the Audit Committee as on 31<sup>st</sup> March, 2013 is:

1. L Sridhar - Chairman  
(Resigned w.e.f 21<sup>st</sup> December 2012)
2. DRR Swaroop - Member
3. Venkat Motaparthy - Member

The Company Secretary acts as Secretary to the Committee.

During the financial year 2012-13 four Audit Committee meetings were held. Member's attendance at Committee Meeting is as below:

<b>Committee Members</b>	<b>Position</b>	<b>Meetings held during tenure of the Member</b>	<b>Meetings attended</b>
L. Sridhar <sup>§</sup>	Chairman	3	2
DRR Swaroop	Member	4	4
Venkat Motaparthy	Member*	4	4

<sup>§</sup>Resigned w.e.f 21<sup>st</sup> December 2012

\* Chairman since 12<sup>th</sup> February, 2013

**b. Investor Relation & Shareholders' Committee**

As on 31<sup>st</sup> March, 2013, the Investor Relation & Shareholders Committee of CTEL consists of three Directors comprising two Independent Directors and a Wholetime Director. The committee meets as and when required.

The composition of the Investor Relation & Shareholders Committee as on 31st March, 2013 is:

- |    |                   |   |   |
|----|-------------------|---|---|
| 1. | L Sridhar         | - | Chairman<br>(Resigned w.e.f 21 <sup>st</sup> December 2012) |
| 2. | DRR Swaroop       | - | Member  |
| 3. | Venkat Motaparthy | - | Chairman (w.e.f 12 <sup>th</sup> February, 2013)            |
| 4. | Anand Mallipudi   | - | Member  |

The Investor Relation & Shareholders Committee is empowered with all the functions of the Board in relation to handling and redressal of shareholders' complaints. The committee reviews the following matters:

- Review of investor complaints and their redressal to the satisfaction of the shareholder.
- Review of the corporate actions viz., dividend payment, rights issue, split, bonus issue etc.
- Monitoring of the work done by the Company's Registrar and Share Transfer Agents.

The Company Secretary acts as Secretary to the Committee.

During the financial year 2012-13, two Investor Relation & Shareholders' Committee meetings were held. Member's attendance at Investor Relation & Shareholders' Committee is as below:

<b>Committee Members</b>	<b>Position</b>	<b>Meetings held during tenure of Member</b>	<b>Meetings attended</b>
L Sridhar <sup>#</sup>	Chairman	2	1
D R R Swaroop	Member	2	2
Venkat Motaparthy <sup>@</sup>	Chairman	1	1
Anand Mallipudi	Member	2	1

<sup>#</sup> Chairman till 21<sup>st</sup> December 2012

<sup>@</sup> Chairman since 12<sup>th</sup> February 2013

**c. Compensation Committee**

As on 31<sup>st</sup> March, 2013, the Compensation Committee of CTEL consists of two Independent Directors. The committee meets as and when required.

The composition of the Compensation Committee as on 31st March, 2013 is:

- |    |                   |   |  |
|----|-------------------|---|--|
| 1. | Venkat Motaparthy | - | Chairman                                 |
| 2. | Anand Mallipudi   | - | Member                                   |
| 3. | Samir Bhatia      | - | Member (till 1 <sup>st</sup> March 2013) |

The object of the Compensation Committee is to ensure administration of ESOPs granted to employees of the Company including its subsidiaries expeditiously including transfer of shares on exercise of ESOPs.

The Company Secretary acts as Secretary to the Committee.

During the financial year 2012-13, one Compensation Committee meeting was held. Member's attendance at Compensation Committee is as below:

<b>Committee Members</b>	<b>Position</b>	<b>Meetings held during tenure of Member</b>	<b>Meetings attended</b>
Venkat Motaparthy	Chairman	1	1
Anand Mallipudi	Member	1	1
Samir Bhatia <sup>^</sup>	Member	1	1

<sup>^</sup>Member till 1<sup>st</sup> March 2013

#### **d. Code of Conduct**

In compliance with Clause 49 of the Listing Agreements, the Company has adopted a Code of Conduct for conduct of the business with highest standards of integrity, honesty and ethical conduct and uses their office in good faith and in the best interest of the Company. This Code is applicable to all the members of the Board, and senior management.

A copy of the said Code of Conduct is available on our website, [www.ctepl.com](http://www.ctepl.com). All the members of the Board and senior management have affirmed compliance to the Code of Conduct for the financial year ended 31<sup>st</sup> March, 2013.

#### **e. Disclosures**

##### **a. Related Party Transactions:**

Related party transactions, monetary transactions between the Company and directors, the Management, subsidiary or relatives are disclosed in the financial statements for the year ended 31<sup>st</sup> March, 2012.

##### **b. Remuneration and Shareholding and Stock Options held by Directors:**

Following table provides remuneration provided to Directors for their services during the year 2012-13 along with their shareholding and stock options:

(Amount in Rs.)

<b>Name</b>	<b>Salary</b>	<b>Allowances / Commission</b>	<b>Sitting Fees</b>	<b>No. of Shares held</b>	<b>Stock Options</b>
DRR Swaroop	1,200,000	-	-	180,723	Nil
L Sridhar <sup>#</sup>	-	-	70,000	Nil	Nil
Anand Mallipudi	-	-	70,000	Nil	Nil
Venkat Motaparthy	-	-	1,20,000	Nil	Nil

<sup>#</sup> Resigned w.e.f 21<sup>st</sup> December 2012

**f. Profile of Director**

As per Clause 49(I)(G) of the Listing agreement, following are the brief profile of director retiring by rotation during the financial year 2012-13.

**Anand Mallipudi, Independent Director**

Anand Mallipudi is a serial entrepreneur having founded and invested in a significant amount of Businesses. He has been responsible for raising significant amount of money towards the funding of these various ventures that run the gamut from Management Consulting, Technology, Animation and Entertainment, F&B, Retail and Infrastructure.

A first generation entrepreneur, Anand wore numerous hats ranging from Operations, Business Development to Capital Raising and eventual M&A or IPO activities. His success's include Cambridge Samsung Partners (a VC company with numerous successful spin-offs with record IRR's), Surya Ray Elixirs (a holding company for F&B sports outlets and night clubs going strong with 12 operational outlets and expanding in various cities across India) and PRA Holdings (a privately held holding company with investments in Power, RE, Hospitality and Retail).

Anand studied at Business School Lausanne, Switzerland and Babson College. He also has a diploma in Production Management from Ecole Technique de Ste.Croix, Switzerland. He serves on the Leadership Board at University of Pennsylvania's Wharton School.

Anand is one of the founders of Rosetta Corporation, an infrastructure development company providing EPC support to the Highway Development and Power Industries.

Anand is actively involved in a non-profit endeavor that supports children with Mental and Physical Disabilities, Anokhi Asha.

**Additional Shareholders' Information**
**Contact Information**
**1. Representing Officers:**

- i. Chief Executive Officer  
Stefan Hetges
- ii. Company Secretary & Compliance Officer  
V Ramana Reddy

**2. Listing on Stock Exchanges, Stock Codes and Stock data.**

Equity Shares	Stock Code
The Bombay Stock Exchange Ltd.	532801
The National Stock Exchange of India Ltd.	CTE

**3. International Securities Identification Number ("ISIN")**

ISIN is a unique identification number allotted to the Company's scrip. This number has to be quoted in each transaction relating to the dematerialized equity shares of the Company. The ISIN allotted to the Company's equity shares is INE 627H01017.

**4. CIN Number**

The Corporate Identity Number ("CIN") of the Company, as allotted by the Ministry of Corporate Affairs is L72200AP1999PLC030997.

**5. Registrar and Share Transfer Agents:**

Aarathi Consultants Private Ltd  
 1-2-285, Domalguda  
 Hyderabad - 500 029  
 T +91-40-27638111  
 F +91-40-27632184  
 info@aarthiconsultants.com

**6. Persons holding more than 1% of the shares**

Persons holding 1 per cent or more of the shares in the Company as on 31st March, 2013:

S.No.	Name	No. of shares held	% of paid up capital
<b>Promoters</b>			
1	Internet Business Capital Corporation	8,399,269	42.79
2	CellExchange Inc.	810,424	4.13
<b>SUB-TOTAL</b>		<b>9,209,693</b>	<b>46.92</b>
<b>Public</b>			
1	Smartshift AG	2,056,600	10.48
2	OurVox Holdings LLC	940,080	4.79
3	Raymond J Lane	500,000	2.55
4	D R R Swaroop(Trustee-ESOP Trust)	454,031	2.31
5	Bhaskar Panigrahi	454,423	2.31
6	Master Capital Services Ltd	449643	2.29
7	Girish Rajeshwar Chaitanya	341,690	1.74
8	Devinder Prakash Kalra	393,000	2.00
<b>SUB-TOTAL</b>		<b>5,589,467</b>	<b>28.47</b>
<b>Others</b>		<b>4,831,855</b>	<b>24.61</b>
<b>GRAND TOTAL</b>		<b>19,631,015</b>	<b>100.00</b>

**7. Stock Data**

The 52 week high and low closing prices recorded in BSE and NSE during the financial year 2012-13 is as under:

Stock Exchange	BSE	NSE
High	Rs. 8.44 (19th April, 2012)	Rs. 8.45 (10th April, 2012)
Low	Rs. 4.70 (7th March, 2013)	Rs. 4.65 (4th March, 2013)

**8. Distribution of Shareholding as on 31st March, 2013**

Sl No.	Category	Holders	Holders %	No. of Shares	Amount	Amount %
1	1 - 5000	6,103	84.55	912,428	9,124,280	4.65
2	5001 - 10000	521	7.22	429,587	4,295,870	2.19
3	10001 - 20000	254	3.52	392,082	3,920,820	2
4	20001 - 30000	109	1.51	281,825	2,818,250	1.44
5	30001 - 40000	43	0.6	154,944	1,549,440	0.79
6	40001 - 50000	50	0.69	236,544	2,365,440	1.2
7	50001 - 100000	74	1.03	535,556	5,355,560	2.73
8	100001 & Above	64	0.89	16,688,049	166,880,490	85.01
	<b>Total</b>	<b>7,218</b>	<b>100.00</b>	<b>19,631,015</b>	<b>196,310,150</b>	<b>100.00</b>

**9. Dematerialization of shares**

In order to facilitate easy access of dematerialized system to the investors, the Company has signed up with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and has established connectivity with the depositories through our Registrars - Aarthi Consultants Private Ltd, Hyderabad.

Total number Demat and physical shares as on 31st March, 2013 is as below:

S.No.	Mode	No. of shares	% of total paid up
1	Demat (NSDL)	13,664,807	69.61
2	Demat (CDSL)	4,900,464	24.96
3	Physical	1,065,744	5.43
	<b>TOTAL</b>	<b>19,631,015</b>	<b>100.00</b>

**10. Secretarial Audit**

For the year ended 31st March, 2013, a qualified Practicing Company Secretary carried out secretarial audits to reconcile the total admitted equity share capital with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**11. Unclaimed Dividends**

There are no unclaimed dividends, due to be transferred to the Investor Education and Protection Fund administered by the Central Government. Furnished below is a table of important dates:

Financial year in which Dividend declared	Date of Declaration of dividend	Last date for claiming unpaid dividend	Total Unclaimed amount as on 31st March, 2012	Due date for transfer to Education and Protection Fund
2007-08	23 <sup>rd</sup> October, 2008	22 <sup>nd</sup> October, 2015	Rs. 84,046/-	21 <sup>st</sup> November, 2015.

Members are requested to correspond with the Registrar and Share Transfer Agent M/s Aarthi Consultants Pvt Ltd, Hyderabad for en-cashing the unclaimed dividend if any, standing to their credit. No claims shall lie against the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims after the period of seven years from the date of declaration of such dividend.

**12. General Body Meetings**
**a. Last three Annual General Meetings.**

Year	Date and Time	Location
2011-12	28th September, 2012	Ruby Hall, 5th Floor, Quality Inn Pearl, Lumbini Layout, Gachibowli, Hyderabad - 500032
2010-11	30th September 2011	The Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), Federation House, 11-6-841, Red Hills, FAPCCI Marg, Hyderabad 500004
2009-10	30th September, 2010	Hotel Swagath-De-Royal, #2-36, Kothaguda, X Roads, Kondapur, Hyderabad - 500 081

**13. Means of Communication**

- i. Quarterly Results: Tentative dates for declaration of financial results.
  - 1<sup>st</sup> Quarter - 6th week from end of June, 2013
  - 2<sup>nd</sup> Quarter - 6th week from end of September, 2013
  - 3<sup>rd</sup> Quarter - 6th week from end of December, 2013
  - 4<sup>th</sup> Quarter - 6th week from end of March, 2014
- ii. Newspapers wherein results are normally published: Financial Express & Andhra Prabha.
- iii. Website wherein the financial results and official news releases are displayed and made available for investors: [www.ctepl.com](http://www.ctepl.com)

**14. Software Development Locations****a. North America****USA****i. Boston - Headquarters**

25 First Street, Suite 107, Cambridge MA 02141

**ii. Topeka**

120 SE 6th Avenue, Suite 230, Topeka, Kansas 66603

**iii. New York**

250 Madison Avenue, Suite 8010 New York, NY 10016

**iv. Miami**

1200 Brickell Avenue, Suite 1800 Miami, FL 33131

**b. Asia Pacific****India**

i. Plot No 8-2-269/A/2/1 to 6, 1st Floor, West Wing, "CYBER SPAZIO" Road No 2, Banjara Hills, Hyderabad - 500 033

ii. No.6/1, Old Svy. No.39/2, 2nd Floor, Sagar Complex, Bannerghatta Road, Bangalore-560029.

iii. #2987, 1st Floor, 13th Main Road, Z Block, 1st Street, Shanti Colony, Anna Nagar, Chennai - 600-040

iv. Level 4, A-Wing, Dynasty Business Park, Andheri-Kurla Road Andheri (E), Mumbai - 400059 Maharashtra

**c. Europe****i. Germany**

Willy Brandt Platz 6, 68161, Mannheim, Germany

**Notes :** \_\_\_\_\_

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**CTE** CAMBRIDGE TECHNOLOGY ENTERPRISES

**Cambridge Technology Enterprises Limited**

**Regd. Office :** Plot No.8-2-269/A/2/1 to 6,  
1<sup>st</sup> Floor, West Wing, Cyber Spazio, Road No. 2,  
Banjara Hills, Hyderabad - 500 033

Mr./Ms. ....  
.....  
.....  
.....

<b>MEMBER</b> <input type="checkbox"/>	<b>PROXY</b> <input type="checkbox"/>	<b>No. of Shares</b> <hr/>
(Please tick as applicable)		
<p><b>Note :</b></p> <ol style="list-style-type: none"> <li>Only Members of the Company or their proxies will be allowed to attend the Meeting <b>ON PRODUCTION OF ATTENDANCE SLIP</b> duly completed and signed.</li> <li>Please fill this admission slip and hand it over at the entrance of the hall duly signed.</li> <li>Members are requested to bring their copies of Annual Report with them.</li> <li>Members who hold shares in dematerialised form are requested to bring their <b>Client ID</b> and <b>DP ID</b> numbers for easy Identification of attendance at the Meeting.</li> </ol>		

**ATTENDANCE SLIP**

<b>Day :</b> Monday <b>Date :</b> December 30 <sup>th</sup> , 2013 <b>Time :</b> 3.30 p.m.
<b>Venue :</b> Hotel Aditya Park Inn, Senate 1, Aditya Trade Centre, Ameerpet, Hyderabad - 500 038 Andhra Pradesh, India
<b>Reg. Folio. No.</b> <hr/>
<b>Demat Particulars DP ID No.</b> <hr/>
<b>Client ID No.</b> <hr/>
I hereby record my presence at the <b>14<sup>th</sup> ANNUAL GENERAL MEETING</b> of the Company  ..... Signature of the Member or Proxy

**CTE** CAMBRIDGE TECHNOLOGY ENTERPRISES

**Cambridge Technology Enterprises Limited**

**Regd. Office :** Plot No.8-2-269/A/2/1 to 6,  
1<sup>st</sup> Floor, West Wing, Cyber Spazio, Road No. 2,  
Banjara Hills, Hyderabad - 500 033

<b>No. of Shares</b> <hr/>
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**FORM OF PROXY**

<b>Reg. Folio. No.</b> <hr/>
<b>Demat Particulars DP ID No.</b> <hr/>
<b>Client ID No.</b> <hr/>

I/We ..... (Name of the Member)  
 of ..... (Address)  
 being Member(s) of **Cambridge Technology Enterprises Limited** hereby appoint ..... (Name of proxy)  
 ..... (Address of proxy)  
 of ..... or failing him/her (Name of alternate proxy)  
 ..... of (Address of alternate proxy)

as my/our proxy to vote for me/us on my/our behalf at the **14<sup>th</sup> Annual General Meeting of the Company to be held at 3.30 p.m. on Monday, 30<sup>th</sup> December, 2013** and at any adjournment thereof.

Date ..... Signature.....

Affix a  
₹ 1/-  
Revenue  
Stamp

**Note :** The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting. The Proxy need not be a member of the Company.

BOOK-POST  
Printed Matter



*If undelivered, please return to:*

**CTE**

**GAMBRIDGE TECHNOLOGY ENTERPRISES**

Plot No 8-2-269/A/2/1 to 6  
1st Floor West Wing, CYBER SPAZIO  
Road No. 2, Banjara Hills  
Hyderabad -500033  
Phone: +91-40-4023 4400  
FAX: +91-40-4023 4600