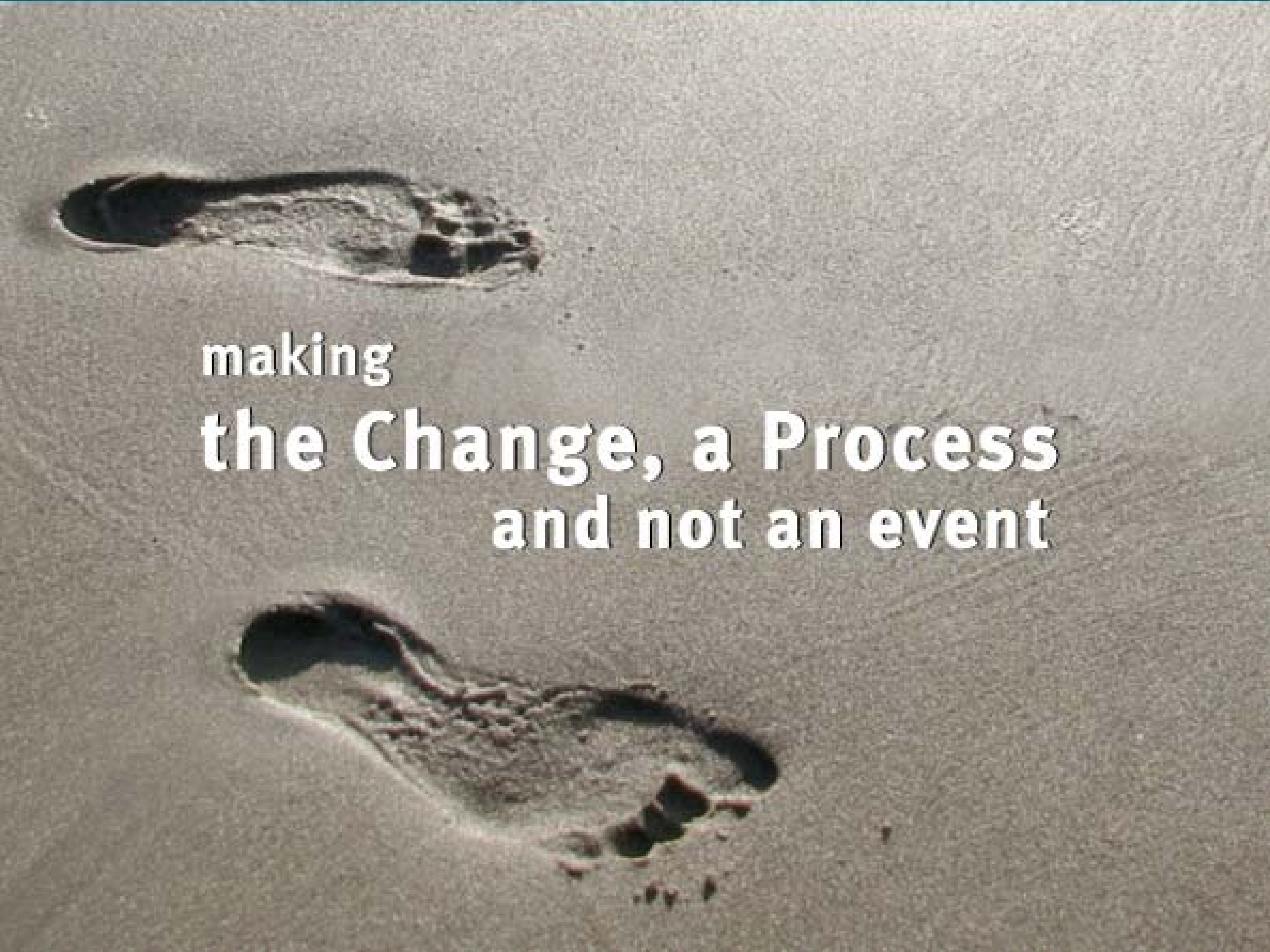
CTE

CAMBRIDGE TECHNOLOGY ENTERPRISES

Annual Report 2011



Contents

Management Team

Stefan Hetges, Director & Chief Executive Officer

Stefan Hetges joined CTE as a part of the recent acquisition of smartShift, the leading provider of tool-based modernization of complex IT systems. Stefan 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 European 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 buyout and formed smartShift. Stefan has a Masters in Computer from University of Constance.

Samir Bhatia, Director & Chief Financial Officer

Samir Bhatia has over 23 years of technology experience, profit & loss responsibility and building companies. He has been a CxO at several startups including Founder President at Tribiosys, Inc. a technology and process consulting firm for bio-techs and pharmaceuticals. He has launched many software and electronic products from concept to successful market penetration. More recently, as CIO at Boston Analytics, a cross border research and analytics firm, he was part of the executive management team with complete financial responsibility and was instrumental in growing the company to 170 people. Samir holds Master's degrees in Computer Science and Physics from Northeastern University.

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 worldwide 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, PeopleSoft, 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.

Jagdish Negi, Head of India sales

Jagdish Negi has over 15 years of experience in the field of Telecom, Software development and delivery. Prior to CTE, Jagdish worked with Pune-based Persistent Systems, where he managed multiple projects for US based product development companies. He scaled his last account from a 4-member unit to a 90+members team within a short a span of six months. Prior to Persistent, Jagdish served in the Indian Air Force for 12 years and took release while he was the head of the IT and Information Warfare Cell in Maintenance Air Command. At IAF, he planned, designed and implemented the biggest WAN networks covering the whole of northern India. He was also instrumental in conceptualization and development number of software applications for the Operations, Maintenance and Administration branches of the IAF. He holds a BS in Computer Science from National Institute of Technology, Allahabad.

Notice

NOTICE

NOTICE is hereby given that 12th Annual General Meeting of the Cambridge Technology Enterprises Limited will be held on Friday the 30th day of September, 2011 at 3:00 p.m. at The Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), Federation House, 11-6-841, Red Hills, FAPCCI Marg, Hyderabad 500004, to transact the following business :-

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2011 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 D.R.R. Swaroop 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.

Special Business:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 198, 257, 269, 309, 310, 314 and Schedule XIII as amended from time to time to the Companies Act, 1956 and subject to approval of Central Government, other applicable provisions, if any, of the Companies Act 1956, Samir Bhatia, be and is hereby appointed as Whole-time Director, designated Chief Financial Officer (CFO) of the Company for a period of 5 years with effect from 14th February, 2011."

   "RESOLVED FURTHER THAT D.R.R. Swaroop, Whole-time Director, V Ramana Reddy, Company Secretary be and are hereby authorized to do all such acts, deeds and things as may be considered necessary, usual or proper in this regard to give effect to this resolution".

   "RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, during the tenure of the Whole-time Director, minimum remuneration shall alone be paid in terms of Section II of Part II of Schedule XIII to the Companies Act 1956".

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

   "RESOLVED THAT Dr. Prem Singh Rana, who was appointed as an Additional Director of the company by the Board of Directors and who holds office upto the date of this Annual General Meeting in pursuance to section 260 of the Companies Act, 1956 and in respect of whom the Company has, under section 257 of the said Act, received notice in writing proposing his candidature for the office of the Director, be and is hereby appointed as Director of the company liable to retire by rotation".

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Krishen Kumar Dhar, who was appointed as an Additional Director of the company by the Board of Directors and who holds office upto the date of this Annual General Meeting in pursuance to section 260 of the Companies Act, 1956 and in respect of whom the Company has, under section 257 of the said Act, received notice in writing proposing his candidature for the office of the Director, be and is hereby appointed as Director of the company liable to retire by rotation".

For and on behalf of the Board

Sd/-
V Ramana Reddy
Company Secretary

Place: Hyderabad
Date : 29th August, 2011

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 23rd day of September, 2011 to Friday, the 30th day of September, 2011 (both days inclusive).

4. All documents referred to in the notice are open for inspection at the registered office of the company between 11.00 a.m. to 1.00 p.m. on any working day prior to the date of the meeting and also at the meeting venue.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

EXPLANATORY STATEMENT

(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)

Item No.4

Samir Bhatia was appointed as an Additional Director and Whole Time Director titled Chief Financial Officer (CFO) in Board meeting held on 14th February, 2011. In terms of Section 260 of the Companies Act, 1956, Samir Bhatia holds office up to the date of this Annual General Meeting of the Company.

In terms of Section 269 of the Companies Act, 1956 any appointment or re-appointment in accordance with Schedule XIII requires the approval of Shareholders at the General Meeting.

Notice under section 257 of the Companies Act, 1956 has been received from a member of the Company along with the requisite deposit proposing the candidature of Samir Bhatia, for the office of Director of the Company.

None of the directors except Samir Bhatia is deemed to be interested or concerned in the said resolution.

The profile of Samir Bhatia is mentioned in the Corporate Governance section of this Annual Report, which may be treated as notice under section 302 of Companies Act, 1956.

Your Directors commend the resolution for approval.

Item No.5

Dr. Prem Singh Rana was appointed as an Additional Director in Board meeting held on 14th February, 2011. In terms of 260 of the Companies Act, 1956, Dr. Prem Singh Rana holds office up to the date of this Annual General Meeting of the Company.

Notice under section 257 of the said Act has been received from a member of the company along with the requisite deposit proposing the candidature of Dr. Prem Singh Rana, for the office of director whose term is liable to retire by rotation.

The profile of Dr. Prem Singh Rana is mentioned in the Corporate Governance section of this Annual Report.

None of the directors except Dr. Prem Singh Rana is deemed to be interested or concerned in the said resolution.

Your Directors commend the resolution for approval.

Item No.6

Krishen Kumar Dhar was appointed as an Additional Director in Board meeting held on 14th February, 2011. In terms of 260 of the Companies Act, 1956, Krishen Kumar Dhar holds office up to the date of this Annual General Meeting of the Company.

Notice under section 257 of the said Act has been received from a member of the company along with the requisite deposit proposing the candidature of Krishen Kumar Dhar, for the office of director whose term is liable to retire by rotation.

The profile of Krishen Kumar Dhar is mentioned in the Corporate Governance section of this Annual Report.

None of the directors except Krishen Kumar Dhar is deemed to be interested or concerned in the said resolution.

Your Directors commend the resolution for approval.

For and on behalf of the Board

Sd/-
V Ramana Reddy
Company Secretary

Place: Hyderabad
Date : 29th August, 2011

Directors' Report

Directors' Report

Dear Shareholders,

We are happy to present on behalf of the Board of Directors, the 12th Directors' Report along with the Balance Sheet, and Profit and Loss Account for the year ended 31st March, 2011.

Financial Performance

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

(₹ in millions)

S.No.	Particulars	Consolidated Results		Standalone Results	
		FY 2011	FY 2010	FY 2011	FY 2010
1	Revenue from operations	589.10	703.28	327.62	327.78
2	Expenses	(691.42)	(776.39)	(204.70)	(233.58)
3	Depreciation & Amortization	(108.49)	(129.62)	(96.75)	(102.21)
4	Profit from operations before interest, other income and exceptional items	(210.81)	(202.74)	26.17	(8.01)
5	Interest and Finance Charges	(23.48)	(31.54)	(10.37)	(17.88)
6	Other Income	50.41	35.07	2.85	33.11
7	Profit from Ordinary Activities Before Tax	(183.88)	(199.21)	18.65	7.22
8	Tax Expense	(1.40)	(5.02)	(0.20)	(6.26)
9	Net Profit	(185.28)	(204.23)	18.45	0.96
10	Profit & Loss Account Balance Brought Forward	60.42	264.65	180.76	179.80
11	Amount Available for Appropriation	(124.86)	60.42	199.21	180.76
12	Balance in Profit & Loss Account	(124.86)	60.42	199.21	180.76

a. **Consolidated Results for FY 2011**

Your Company has achieved a turnover of ₹ 589.10 Mn for the year ended 31st March, 2011, as against a turnover of ₹703.28 Mn in the previous year and posted operating loss of ₹ 210.81 Mn versus an operating loss of ₹ 202.74 Mn recorded in the previous financial year. Net Loss for the year ended 31st March, 2011 was ₹ 185.28 Mn, and the same was ₹ 204.24 Mn, for the year ended 31st March, 2010. 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 2011**

CTEL has achieved a turnover of ₹ 327.62 Mn for the year ended 31st March, 2011, as against a turnover of ₹ 327.78 Mn in the previous year. The Company posted an operating profit of ₹ 26.17 Mn for the year under review, whereas it was a loss of ₹ 8.01 Mn in the year ending 31st March, 2010. Net Profit for the year ended 31st March, 2011 was ₹ 18.45 Mn, and the same was ₹ 0.96 Mn, for the year ended 31st March, 2010. 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 31st March, 2011.

Employee Stock Option Scheme

The details of employee stock option as on 31st March, 2011 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 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

Your Company has two direct wholly owned subsidiary viz., Cambridge Technology Enterprises – Mauritius Limited, Mauritius and Cambridge Technology India Private Limited (formerly Q-soft Systems & Solutions Private Limited, Bangalore and three step-down subsidiary Companies viz., Vox Holdings Inc., USA, Smartshift GmbH, Germany and Cambridge Technology Enterprises Inc., USA as on 31st March, 2011. The earlier subsidiaries of the Company reported last year viz., Reilly and Associates Inc., ComCreation Inc., and Cell Exchange Inc., USA have been merged with Cambridge Technology Enterprises Inc., USA.

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

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 2010-11. Your company has complied with those conditions and hence consolidated financials with rupee equivalents, where ever 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:

1. In preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
2. 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 2010-11 and of profit/loss of the Company for that period;
3. 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
4. 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

D R R Swaroop, Whole Time Director retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

During the year under review Bhaskar C Panigrahi, K R Chari and B Muralidhar had expressed their desire to resign from the Board due to other pursuits, in the Board Meeting held on 14th February, 2011. The Board placed on record its appreciation for the services rendered by them and accepted their resignations with immediate effect.

Dr. Prem Singh Rana and Krishen Kumar Dhar have been appointed as independent directors in the Board Meeting held on 14th February, 2011.

Board had appointed Samir Bhatia as member of the Board in the capacity of Additional & Whole Time Director titled Chief Financial Officer in its Meeting held on 14th February, 2011 to hold office upto the conclusion of this annual general meeting. The company has sought Central Government approval for appointments of Samir Bhatia vide SRN No. B10725166/2/2011-CL.VII and letter dated 31st May 2011.

Samir Bhatia is proposed to be appointed as Director in the Annual General Meeting and notice under Section 257 of the Companies Act 1956 has been received from a member proposing his appointment.

The brief profile of all the Board members is given in the Corporate Governance section of this Annual Report.

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 2011-12 subject to 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.

Acquisitions during the financial year

As part of your Company's in-organic growth strategy, your Company had acquired Smartshift GmbH, Germany , and Vox Holdings Inc., USA during the year, through its wholly owned subsidiary Company Cambridge Technology Enterprises – Mauritius Limited, Mauritius.

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

Place : Hyderabad
Date : 29th August, 2011

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 31st March, 2011 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	295,000
3	Options vested	186,269	278,509	Nil
4	Options exercised	19,388	826,314	Nil
5	Options lapsed	996,885	284,526	Nil
6	Total number of options in force	220,269	389,160	295,000
7	Variation in terms of ESOP	Clause for recovery of FBT from employees incorporated	Not Applicable	Not Applicable
8	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
9	Money realized by exercise of options (₹)	160,618 (during the year 7,766 ESOPs were exercised)	Nil	Nil
10	Diluted EPS pursuant to issue of shares on exercise of option calculated in accordance with AS 20	Nil (exercised ESOPs were issued from CTE ESOP Trust, already outstanding in the issued capital	Not Applicable	Not Applicable
11	A description of the method and significant assumptions used during the year to estimate the fair values of the options:			

Description	Details
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

Geeta Goti - Associate Vice President - HR - 25,000 at an exercise price of Rs.17.00 per option.

b. Any other employee who received a grant in any one year of options amounting to 5% or more options granted during the year

- Nil -

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

- Nil -

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 2010-11 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 environmental friendly and has taken adequate measures to conserve energy, wherever possible.

2. Technology Absorption:

Provision of state of 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	2010-11	2009-10
Foreign Exchange Earnings	329.89	242.80
Foreign Exchange Outgo	75.72	123.01

For Cambridge Technology Enterprises Limited

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

Sd/-
L. Sridhar
Director

Place: Hyderabad
Date : 29th August, 2011

Management Discussion and Analysis Report

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.

CTE's offerings:

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

   Market Opportunities

   - Recent IDC cloud research shows that worldwide revenue from public IT cloud services exceeded $16 billion in 2009 and is forecast to reach $55.5 billion in 2014, representing a compound annual growth rate of 27.4%. This rapid growth rate is over five times the projected growth for traditional IT products (5%). The economic downturn has amplified cloud services adoption due to the cost-cutting mantra of most organizations.
   - The overall trends in the SAP landscape in 2011 include an increasing thrust on 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, BPO, Training, 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. **BPO**

   CTE provides BPO services across various verticals including the energy sector, employee verification services, SAS and CRM support, image measurement services as well as human genome services. The company provides data entry and analysis services, customer support, database creation and employee verification services. In 2011 CTE has added one more client to its portfolio, Click Software. The company has also expanded the strength of its GeoEstimator/ Pictometry Project team from 20 members to 74 members with a plan to exceed it beyond 100.

4. **Training including Cloud Training:**

   CTE's training processes include both executive workshops and training for cloud computing.

   a. **Cambridge Executive Workshops (CEWs):**

      An integral part of CCI's (CTE Center of Innovation) unique Cambridge Collaborative Delivery™ (CCD™) methodology, CEWs enables client enterprises to envision customized business solutions. Through CEWs, the CCI provides a forum for rapid identification, development and presentation of innovative, technology-driven solutions to business problems.

b. University of Cloud:

On July 5, 2011 CTE launched The University of Cloud (UoC). This educational program reflects CTE's deep focus and expertise in Cloud-based technologies, with successes in managing mission-critical Cloud-based applications for Fortune 500 organizations and top-tier ISVs worldwide.

5. 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.

6. 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.

7. 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	31st March, 2011	31st March, 2010
Shareholder's Funds		
(a) Share Capital	196.31	158.24
(b) Reserves and Surplus	66.07	197.25
Loan Funds	721.59	546.61
Deferred Tax Liabilities (Net)	10.35	2.89
TOTAL	**994.32**	**904.99**
Goodwill on Consolidation	719.06	634.98
Fixed Assets	165.44	225.57
Investments	12.63	NIL
Current Assets, Loans and Advances		
(a) Inventories	0.25	0.22
(b) Sundry Debtors	130.50	168.81
(c) Cash and Bank Balances	79.65	28.60
(d) Loans and Advances	108.84	51.92
Less: Current Liabilities and Provisions		
(a) Current Liabilities	(207.11)	(191.49)
(b) Provisions	(14.94)	(13.62)
TOTAL	**994.32**	**904.99**

i. Reserves and Surplus

Reserves and Surplus have come down from₹ 197.25 Mn in FY 2009-10 to ₹ 66.07 Mn in FY 2010-11 because of (1) loss of ₹ 185.28 Mn incurred for FY 2010-11 on consolidation of all subsidiaries of CTEL, and (2) Recognition of Foreign Currency Translation Reserve of a negative ₹ 34.63 Mn for FY 2010-11, amount arising from translation of balance sheets of subsidiaries stated in currency other than in INR.

ii. Secured Loans

Secured Loans, secured against current assets and fixed assets of the Company, have gone up to ₹ 721.59 Mn in FY 2010-11 from ₹ 534.54 Mn in FY 2009-10. There was huge reduction in finance lease and factoring obligations from ₹ 458.02 Mn in 2009-10 to ₹ 0.11 Mn in 2010-11. On the other hand, the increase in the secured debt is mainly due to issue of convertible bonds by Cambridge Technology Enterprise – Mauritius Ltd amounting to ₹ 647.42 Mn.

iii. Goodwill

Goodwill was increased by ₹84.08 Mn from ₹ 634.98 Mn in the previous years because of acquisition of Vox Holdings Inc., and smartshift GmbH through Cambridge Technology Enterprises – Mauritius Limited.

iv. Fixed Assets

Gross fixed assets have gone up from ₹ 400.95 Mn in FY 2009-10 to ₹ 499.80 Mn in the current financial year under review, an increase of ₹ 98.85 Mn, upon completion of capital work in progress of previous financial year of ₹ 60.79 Mn and additions of ₹ 16.54 Mn (including Building of ₹ 2.27 Mn, Plant and Machinery of ₹ 4.67 Mn, Computers of ₹ 6.31 Mn, Furniture and Fittings of ₹ 3.28 Mn and Intangible assets (internally developed software

– reusable components library) of ₹ 95.17 Mn) and deletions of ₹ 12.86 Mn (including Plant and Machinery of ₹ 2.92 Mn, Computers of ₹ 4.37 Mn, Furniture and Fittings of ₹ 5.57 Mn). Net fixed assets have remained at about the same level as of last year.

v. Debtors

Receivables exceeding more than 6 months have decreased from ₹ 95.24 Mn in FY 2009-10 to ₹ 35.04 Mn 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 up from ₹ 73.57 Mn (38 days) in FY 2009-10 to ₹ 95.46 Mn in FY 2010-11 because of delay from some critical customers. Establishment of better debtor's management practices has yielded debtors realizations faster, especially in our US subsidiaries.

vi. Loans & Advances

Loans and Advances have gone up by ₹ 56.92 Mn from ₹ 51.92 Mn in FY 2009-10, to ₹ 108.84 Mn during the current year under review, mainly because of increase in the loans and advances by Cambridge Technology Enterprises – Mauritius Limited to its subsidiary companies viz. smartShift GmbH and Vox Holdings Inc.

vii. Current Liabilities

Current Liabilities have gone up to ₹ 207.11 Mn for the period under review as against ₹ 191.49 Mn in FY 2009-10, that is an increase of ₹ 15.62 Mn because of accrual of expenses related to construction of Bangalore office building.

Review of Consolidated Profit & Loss Account

(₹ in millions)

Particulars	31st March, 2011	31st March, 2010
Income from Operations	589.10	703.28
Profit from Operations before other income, interest, and exceptional items	(210.81)	(202.74)
Other Income	50.41	35.07
Interest and finance charges	(23.48)	(31.54)
Profit before tax	(183.88)	(199.21)
Tax Expense	(1.40)	(5.02)
Net Profit for the year	(185.28)	204.23

a. Income from Operations

Income has decreased by about 16% from FY 2009-10 to ₹ 589.10 Mn during the year under review. Major portion of revenue of your Company used to come from defence projects from US Government. Because of recession, in the cost control process, US Government has stopped awarding governmental contracts to private vendors. Coupled with this, your Company has been concentrating on value added services like cloud computing, RIMS etc., which are not taking off as expected. The recessionary environment has forced companies to cut costs and defer IT contracts till emergence of stable conditions. Keeping in view managing the risk associated with depending upon limited sources of revenue, management has decided to venture into new areas and new technologies.

b. Expenditure

i. Employee Cost

Employee cost has gone up from ₹ 322.83 Mn in the previous financial year to ₹ 377.55 Mn in the current year under review. Your Company has recruited personnel in the development team expecting new projects.

ii. General and Administrative Expenses

General and administrative expenses have come down by more than 16%, to ₹ 141.24 Mn from ₹ 168.92 Mn in the previous year. Major items that contributed to the reduction were rent and office maintenance expenses by ₹ 23.37 Mn (₹ 15.05 Mn in rents and ₹ 8.32 Mn in office maintenance), because of shifting of Bangalore branch from rented premises to own building and major reduction in the consultancy and professional charges by ₹ 18.45 Mn. Business development expenses have increased by ₹ 10.01 Mn.

iii. Sub-contracting fees

There was also a substantial reduction in sub-contracting fees by ₹ 112.02 Mn with the new projects being executed by the Company itself and gradually reducing dependency on sub-contractors.

c. Depreciation

There was a reduction in depreciation expenses from ₹ 129.62 Mn to ₹ 108.50 Mn in the current financial year, because of deletion of tangible fixed assets to the extent of ₹ 12.86 Mn and addition of tangible fixed assets of ₹ 16.54 Mn and intangible fixed assets of ₹ 95.17 Mn. Of the total depreciation expense ₹ 90.30 Mn comprises of amortization of internally developed software – reusable components library, to the extent of reduction of economic value.

d. Other Income

There is an increase in other income of ₹ 15.35 Mn, during FY 2010-11 to ₹ 50.42 Mn. The increase is mainly on account of receipt upon forfeiture, of warrant money proposed to be issued to Rosebury Investments Pte. Ltd., and Prime Genius Investments Pte. Ltd., after expiry of stipulated time for exercise of warrants.

e. Interest and Finance charges

Interest and finance charges have come down from ₹ 31.54 Mn in FY 2009-10 to ₹ 23.48 Mn, because of elimination of unsecured loan of ₹ 12.07 Mn in FY 2009-10 and also reduction in availing Working Capital Cash Credit facility from Bank.

f. Profit After Tax

There was a slight improvement in the bottom line from a loss of ₹ 204.23 Mn in FY 2009-10 to a loss ₹ 185.28 Mn during the current year, mainly on account of substantial reduction in sales volume compensated by about the same amount in expenses reduction. Total costs as proportion of total income during FY 2009-10 was at 127%, which has increased to 129% in FY 2010-11, resulting in no substantial improvement in the losses this 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	31st March, 2011	31st March, 2010
Shareholder's Funds		
(a) Share Capital	196.31	158.24
(b) Reserves and Surplus	424.93	353.18
Loan Funds	49.76	109.49
Deferred Tax Liabilities (Net)	14.94	15.02
TOTAL	**685.94**	**635.93**
Fixed Assets	117.85	178.00
Investments	460.15	457.35
Current Assets, Loans and Advances		
(a) Sundry Debtors	214.31	160.31
(b) Cash and Bank Balances	18.08	1.94
(c) Loans and Advances	35.96	27.15
Less: Current Liabilities and Provisions		
(a) Current Liabilities	(151.73)	(183.93)
(b) Provisions	(8.68)	(4.89)
TOTAL	**685.94**	**635.93**

a. Reserves and Surplus

Reserves and Surplus had increased from ₹ 353.18 Mn in FY 2009-10 to ₹ 424.93 Mn in FY 2010-11 because of profits Company made during the year under review to the tune of ₹ 18.45 Mn and also share premium received during the period, which amounts to ₹ 53.29 Mn.

b. Loan Funds

Loan Funds, secured and unsecured, have come down by ₹ 59.71 Mn, to ₹ 49.76 Mn for the period under review. Of the ₹ 59.71 Mn reduction, about ₹ 12.07 Mn was paid to discharge unsecured loans. In the secured loan segment, there was reduction in utilization of working capital facility from Banks secured against the current assets and fixed assets of the company.

c. Fixed Assets

Gross fixed assets have gone up by ₹ 76.54 Mn to ₹ 385.74 Mn, mainly due to capitalization of internally developed software, whereas net fixed assets have decreased from ₹ 136.74 Mn in FY 2009-10 to ₹ 117.85 Mn for the period ended 31st March, 2011.

d. Investments

There is increase in the value of investments to ₹ 460.15 Mn in FY 2010-11 from ₹ 457.35 Mn, in FY 2009-10. The changes are mainly due to investment in Cambridge Technology Enterprises - Mauritius Ltd., Mauritius ₹ 312.04 Mn, investment in short term liquid mutual funds ₹ 12.63 Mn and disinvestment in Cambridge Technology Enterprises Inc., USA ₹ 321.87 Mn.

e. Debtors

Receivables outstanding for more than 6 months have decreased from ₹ 69.41 Mn in FY 2009-10 to ₹ 45.72 Mn in FY 2010-11. Debtors of less than 6 months have increased to ₹ 168.59 Mn in FY 2010-11 from ₹ 90.90 Mn in FY 2009-10.

f. Loans & Advances

Loans and Advances have increased by ₹ 8.8 Mn from ₹ 27.16 Mn in FY 2009-10 to ₹ 36.00 Mn in FY 2010-11, mainly due to MAT Entitlement receivable from Income Tax Department.

g. Current Liabilities

Current Liabilities have come down to ₹ 151.73 Mn for the period under review as against ₹ 183.93 Mn in FY 2009-10, that is a reduction of ₹ 32.2 Mn.

Review of Standalone Profit & Loss Account

(₹ in millions)

Particulars	31st March, 2011	31st March, 2010
Income from Operations	327.62	327.78
Profit from Operations before other income, interest and exceptional items	26.17	(8.01)
Other Income	2.85	33.11
Interest and finance charges	(10.37)	(17.88)
Profit before tax	18.65	7.22
Tax Expense	(0.20)	(6.26)
Net Profit for the year	18.45	0.96

a. Income from Operations

Income from operations has been consistently maintained in the current year under review almost at par with the previous year.

b. Expenditure

i. Employee Cost

Employee cost has increased by about 14% for the year ended 31st March, 2011 which stood at ₹ 124.40 Mn as against ₹ 108.73 Mn a year earlier. As revenue is consistent, Company is maintaining the employees without any reduction. It is expected that employee utilization will reach fullest extent in the months to come.

ii. General and Administrative Expenses

General and administrative expenses have increased by about 4% during FY 2010-11, from that of previous financial year to ₹ 54.46 Mn, because of increase in travel expenses by ₹ 2.15 Mn, on increased business travel.

iii. Sub-contracting fees

There was also a reduction in sub-contracting fees by ₹ 46.84 Mn with the new projects being executed by the Company itself and gradually reducing dependency on sub-contractors and migrated the delivery to in house teams.

c. Depreciation

There is a slight reduction in depreciation from ₹ 102.22 Mn to ₹ 96.75 Mn in FY 2010-11, majorly because of sale of some of the assets viz. Electrical fittings, Furniture & Fixtures, Computers and Office equipment, which were existed in the previous year.

d. Other Income

The other income during the FY 2010-11 was ₹ 2.85 Mn, whereas the same was ₹ 33.11 Mn in FY 2009-10. In the previous year's figure, ₹ 23.73 Mn was recognized upon forfeiture of warrant money proposed to be issued to Rosebury Investments Pte. Ltd. and Prime Genius Investments Pte. Ltd., after expiry of stipulated time for exercise of warrants. Exchange fluctuation gain has come down as compared to the previous period. However, dividend on surplus fund invested in mutual funds increased as compared to previous period.

e. Interest

Interest has decreased from ₹ 17.47 Mn in FY 2009-10 to ₹ 9.52 Mn in FY 2010-11, because of reduction in usage of working capital facilities from cash credit account to manage funds flow.

f. Profit After Tax

There was a huge increase in profit from ₹ 0.96 Mn in FY 2009-10 to a profit of ₹ 18.45 Mn in FY 2010-11. Even though the revenue from operation stands at par with the previous year's figures, the increase in profit is mainly on account of substantial reduction in costs. Total expenditure as proportion of total income during FY 2009-10 was at 98%, whereas the same decreased to 94% in FY 2010-11, resulting in hike in profitability. Management has been putting much emphasis on improving the profitability of the Company along with increased business.

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. Company 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 31st March, 2011, 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

We, Stefan Hetges, CEO and Samir Bhatia, CFO of Cambridge Technology Enterprises Ltd, to the best of our knowledge and belief, certify that the financial results of the Company do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

Stefan Hetges, Chief Executive Officer
Samir Bhatia, Chief Financial Officer

Place : Hyderabad
Date : 30th May, 2011

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 : 29th August, 2011

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 Ltd ("the Company"), for the year ended on 31st March, 2011, 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.

Sd/-
B. Krishnaveni
Practising Company Secretary

Place: Hyderabad
Date : 29th August, 2011

Consolidated Financial Statements

Auditors' Report on Consolidated Financial Statements

To,

The Members of Cambridge Technology Enterprises Limited

1. We have audited the attached Consolidated Balance Sheet of CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED ('the Company') and its wholly owned subsidiaries (As per List appearing in Note 3.1 on Schedule 17) collectively referred to as "the Cambridge Group" as at 31st March , 2011 and the Consolidated Profit & Loss Account for the year ended on the date annexed thereto and Consolidated Cash flow Statement for the period ended on that date. These Consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

3. We did not audit the financial statements of some consolidated entities whose financial statements reflect total assets of Rs. 150,566,844 as at March 31, 2011 total revenues of Rs. 117,598,217 and net cash flows amounting to Rs.362,947 for the year then ended March 31, 2011. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Cambridge Group in accordance with the requirements of Accounting Standard (AS) 21 for Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.

5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said 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 consolidated state of affairs of the Cambridge Group as at 31st March, 2011.

   (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the Company and its subsidiaries for the year then ended and

   (c) In the case of the Consolidated cash flows Statement, of the Consolidated Cash flows of the company and its subsidiaries for the year then ended.

For P. Murali & Co.
Chartered Accountants
FRN : 007257S

P. Murali Mohana Rao
Partner
Membership No: 23412

Place: Hyderabad
Date : 30-05-2011

Consolidated Balance Sheet

Amount in Rs.

	Schedule No.	As at March 31, 2011	As at March 31, 2010
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
(a) Share Capital	1	196,310,150	158,244,150
(b) Reserves and Surplus	2	66,070,512	197,253,283
LOAN FUNDS			
(a) Secured Loans	3	721,587,460	534,542,020
(b) Unsecured Loans	4	-	12,069,581
DEFERRED TAX LIABILITY (NET)		10,355,890	2,879,831
		994,324,012	**904,988,865**
II. APPLICATION OF FUNDS			
GOODWILL ON CONSOLIDATION		719,064,720	634,976,206
FIXED ASSETS			
(a) Gross: Block	5	499,798,093	400,946,846
(b) Less: Depreciation and Amortization		334,357,335	236,174,089
(c) Net Block		165,440,758	164,772,756
(d) Capital work in progress		-	60,794,794
		165,440,758	225,567,550
INVESTMENTS	6	12,632,564	-
CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	7	247,156	223,132
(b) Sundry Debtors & Unbilled Revenue	8	130,496,218	168,813,261
(c) Cash and Bank Balances	9	79,645,922	28,596,534
(d) Loans and Advances	10	108,842,899	51,921,248
		319,232,195	249,554,175
Less:			
CURRENT LIABILITIES AND PROVISIONS			
(a) Liabilities	11	207,109,344	191,492,095
(b) Provisions	12	14,936,882	13,616,972
		222,046,226	205,109,067
NET CURRENT ASSETS		97,185,969	44,445,108
TOTAL		**994,324,012**	**904,988,865**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	17		

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.
Chartered Accountants

For and on behalf of Board of Directors

P. Murali Mohana Rao
Partner
Membership No. 23412

D R R Swaroop
Wholetime Director

L Sridhar
Director

Place: Hyderabad
Date: 30-05-2011

Samir Bhatia
Chief Financial Officer

V Ramana Reddy
Company Secretary

Consolidated Profit and Loss Account

(Amount in Rs.)

	Schedule No.	For the Year ended 31.03.2011	For the Year ended 31.03.2010
I. INCOME			
Income From Software Services and Products		589,104,233	703,275,156
Other Income	13	50,416,899	35,066,227
		639,521,132	**738,341,383**
II. EXPENDITURE			
Software Development Expenses	14	550,172,891	607,474,518
General and Administration Expenses	15	141,244,466	168,915,676
Depreciation and Amortisation	5	108,495,764	129,621,146
Interest and Finance Charges	16	23,484,699	31,543,058
		823,397,821	**937,554,398**
Profit before Tax		(183,876,688)	(199,213,015)
Income tax expense			
Current Tax		7,445,343	1,232,390
MAT Credit Benefit		(3,718,187)	(1,232,390)
Deferred Tax		(2,323,177)	5,021,883
Profit after Tax		**(185,280,667)**	**(204,234,898)**
Balance brought forward from previous year		60,416,286	264,651,185
Profit available for Appropriation		**(124,864,380)**	**60,416,286**
Balance Carried to Balance Sheet		**(124,864,380)**	**60,416,286**
EARNINGS PER SHARE - EPS			
Equity shares of par value Rs. 10/- each			
Basic (in Rs.)		-	-
Diluted (in Rs.)		-	-
Number of shares for calculating EPS			
Basic		16,731,742	15,824,415
Diluted		16,731,742	15,824,415
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	17		

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 Account referred to in our report of even date.

For P. Murali & Co.
Chartered Accountants

P. Murali Mohana Rao
Partner
Membership No. 23412

Place: Hyderabad
Date: 30-05-2011

For and on behalf of Board of Directors

D R R Swaroop
Wholetime Director

L Sridhar
Director

Samir Bhatia
Chief Financial Officer

V Ramana Reddy
Company Secretary

Consolidated Cashflow for the period ended 31st March 2011

	Details		For the Period ended with 31st Mar'2011	For the Period ended with 31st Mar'2010
A.	**Cash Flow from Operating Activities**			
	Net Profit / (Loss) before tax		**(183,876,688)**	**(199,213,015)**
	Adjustment for :			
	Depreciation & Amortization		108,495,764	129,621,146
	Dividend Income from Mutual Funds		(632,564)	(2,494)
	Interest Income		(1,190,277)	(1,065,000)
	Interest Expenses (net)		23,484,699	31,543,058
	Provision for Gratuity		3,830,730	(340,404)
	Loss on sale of Assets (Net)		2,734,019	7,325,120
	Operating profit before working capital changes		**(47,154,318)**	**(32,131,589)**
	Adjustment for:			
	Change in Sundry Debtors		38,317,043	452,997,456
	Change in Inventory		(84,112,538)	(6,712)
	Change in Loans & Advances		(56,921,651)	30,451,435
	Change in Current Liabilities and Provision		22,905,665	(324,911,131)
	Cash generated from operations		**(126,965,799)**	**126,399,459**
	Income tax (paid)/ refunded		(3,727,156)	11,708,301
	Net cash from operating activities	**A**	**(130,692,954)**	**138,107,760**
B.	**Cash Flow from Investing Activities**			
	Purchase of Fixed Assets (Incl capital working progress)		(50,434,989)	(51,134,028)
	(Purchase) / Sale of Fixed Assets		(668,002)	-
	Purchase of Investments		(12,632,564)	-
	Interest received		1,190,277	1,065,000
	Dividend Income from Mutual Funds		632,564	2,494
	Net cash from investing activities	**B**	**(61,912,713)**	**(50,066,534)**

Consolidated Cashflow for the period ended 31st March 2011

	Details		For the Period ended with 31st Mar'2011	For the Period ended with 31st Mar'2010
C.	**Cash Flows from Financing Activities**			
	Proceeds from issue of share warrants		53,292,400	(23,375,000)
	Increase (Decrease) in Term Loans (net)		187,045,440	(100,987,774)
	Increase (Decrease) in Unsecured loan		(12,069,581)	6,994,330)
	Interest Paid		(23,484,699)	(31,543,058)
	Increase (Decrease) in Share Capital		38,066,000	-
	Net cash used from financing activities	**C**	**242,849,561**	**(162,900,163)**
D.	**Effect of foreign currency transalation**	**D**	**805,494**	**49,856,387**
	Net change in cash (A+B+C+D)		**51,049,388**	**(25,002,550)**
	Cash and cash equivalents at beginning of year		28,596,534	53,599,083
	Cash and cash equivalents at end of year		**79,645,922**	**28,596,534**

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.
Chartered Accountants

P. Murali Mohana Rao
Partner
Membership No. 23412

Place: Hyderabad
Date: 30-05-2011

For and on behalf of Board of Directors

D R R Swaroop
Wholetime Director

L Sridhar
Director

Samir Bhatia
Chief Financial Officer

V Ramana Reddy
Company Secretary

Schedules forming part of Consolidated Balance Sheet

	As at Mar 31, 2011	As at Mar 31, 2010
Schedule 1		
SHARE CAPITAL		
Authorised		
30,000,000 (Previous year: 30,000,000) equity shares of Rs.10/- each	**300,000,000**	**300,000,000**
Issued, Subscribed and Paid-up		
19,631,015 (Previous year: 15,824,415) equity shares of Rs. 10/- each fully paid	196,310,150	158,244,150
Of the above-		
(i) 3,806,600 (previous year – Nil) equity shares of Rs.10/- were allotted as fully paid up under preferential allotment		
(ii) 5,811,700 (Previous year -5,811,700) equity shares of Rs.10/- each are allotted as fully paid up by way of bonus shares by capitalisation of surplus in the Profits and Loss account.		
(iii) 2,500,000 (Previous year 2,500,000) equity shares of Rs.10/- each are allotted as fully paid up bonus shares by capitalisation of share Premium.		
	196,310,150	**158,244,150**
Schedule 2		
RESERVES AND SURPLUS		
Capital Redemption Reserve	499,000	499,000
	499,000	**499,000**
Share Premium account		
As per Last Balance Sheet	171,923,178	171,923,178
Add : Received during the Period	53,292,400	-
	225,215,578	**171,923,178**
Surplus in Profit and Loss account		
As per Last Balance Sheet	60,416,286	264,651,184
Add : Profit for the year	(185,280,667)	(204,234,898)
	(124,864,381)	**60,416,286**
Adjustment : Foreign Currency Translation Reserve	(34,779,686)	(35,585,181)
	66,070,512	**197,253,283**

Schedules forming part of Consolidated Balance Sheet

	As at Mar 31, 2011	As at Mar 31, 2010
Schedule 3		
SECURED LOANS		
Loans and Advances (Secured against the current assets and fixed assets of the company)	721,474,767	533,648,399
Finance Lease Obligations (Secured against computers)	112,693	893,621
	721,587,460	**534,542,020**
Schedule 4		
UNSECURED LOANS		
From Directors	-	-
From Others	-	12,069,581
	-	**12,069,581**

Schedules forming part of Consolidated Balance Sheet

Schedule- 5

FIXED ASSETS :

Amount in Rs.

		Gross Block				Depreciation				Net Block	
S.No.	Name of Asset	Cost as at 01.04.2010	Additions during the year	Deletions during the year	**Cost as at 31.03.2011**	Up to 01.04.2010	For the Period	Deletions during the year	**Total up to 31.03.2011**	**As at 31.03.2011**	As at 31.03.2010
	Tangible Assets										
1	Land	6,212,880	-	-	6,212,880	-	-	-	-	6,212,880	6,212,880
2	Building	7,245,387	2,274,843	-	9,520,230	919,860	359,886	-	1,279,746	8,240,484	6,325,527
3	Plant & Machinery	20,112,618	4,673,520	2,922,559	21,863,579	11,229,815	6,531,149	2,922,559	14,838,405	7,025,174	8,882,803
4	Computers	61,824,175	6,311,161	4,366,920	63,768,415	59,261,352	3,827,492	3,585,641	59,503,203	4,265,212	2,562,823
5	Furniture & Fittings	18,178,275	3,280,907	5,574,231	15,884,951	15,333,756	1,806,188	3,804,319	13,335,625	2,549,325	2,844,519
	TOTAL	**113,573,334**	**16,540,431**	**12,863,710**	**117,250,055**	**86,744,784**	**12,524,715**	**10,312,519**	**88,956,980**	**28,293,076**	**26,828,551**
	Intangible Assets										
7	Computer Software Used in Development of Projects	65,800,616	-	-	65,800,616	50,206,629	5,673,120	-	55,879,749	9,920,867	15,593,987
8	Internally developed Software - Reusable Components Library	221,572,896	95,174,524	-	316,747,420	99,222,677	90,297,929	-	189,520,606	127,226,814	122,350,219
		287,373,512	**95,174,524**	**-**	**382,548,036**	**149,429,306**	**95,971,049**	**-**	**245,400,355**	**137,147,681**	**137,944,206**
	TOTAL	**400,946,846**	**111,714,955**	**12,863,710**	**499,798,092**	**236,174,090**	**108,495,764**	**10,312,519**	**334,357,335**	**165,440,757**	**164,772,756**
	Previous Year	**338,646,321**	**160,095,960**	**97,795,435**	**400,946,846**	**188,835,886**	**129,621,146**	**82,282,943**	**236,174,090**	**164,772,756**	**149,810,435**

Schedules forming part of Consolidated Balance Sheet

	As at Mar 31, 2011	As at Mar 31, 2010
Schedule 6		
INVESTMENTS		
Short Term Investement		
Liquid Mutual Funds	12,632,564	-
	12,632,564	**-**
Schedule 7		
INVENTORIES		
Stock of course material	247,156	223,132
	247,156	**223,132**
Schedule 8		
SUNDRY DEBTORS & UNBILLED REVENUE		
(Unsecured and considered good)		
-Debts outstanding for a period exceeding six months.	35,038,824	95,244,341
-Other debts	95,457,394	73,568,920
	130,496,218	**168,813,261**
Schedule 9		
CASH AND BANK BALANCES		
Cash in hand	81,571	106,186
Balances with Scheduled Banks in		
Current Accounts	78,760,028	27,912,625
Deposit Accounts	804,323	577,722
	79,645,922	**28,596,534**
Schedule 10		
LOANS AND ADVANCES		
(Unsecured, Considered good except stated otherwise.)		
Advance recoverable in cash or in kind or for value to be received -		
Employee Advances	1,745,536	3,662,957
Security Deposits	7,612,111	7,459,738
Prepaid Expenses	3,844,145	3,964,557
Advances Tax	510,573	516,176
Others	95,130,535	36,317,820
	108,842,899	**51,921,248**

Schedules forming part of Consolidated Balance Sheet

	As at Mar 31, 2011	As at Mar 31, 2010
Schedule 11		
LIABILITIES		
(a) Sundry Creditors		
-Total outstanding dues of Micro enterprises and Small enterprises;	-	-
-Total outstanding dues of creditors other than Micro enterprises and Small enterprises	105,266,381	86,353,017
(b) For other liabilities	101,842,963	105,139,078
	207,109,344	**191,492,095**
Schedule 12		
PROVISIONS		
Provision for Income Tax	7,445,342	9,956,162
Provision for Gratuity	7,491,540	3,660,810
	14,936,882	**13,616,972**

Schedules forming part of Consolidated Profit and Loss Account

	For the Year ended 31.03.2011	For the Year ended 31.03.2010
Schedule 13		
OTHER INCOME		
Interest Income	1,190,277	1,065,000
Dividend received on Mutual funds	632,564	2,494
Exchange Fluctuation Gain	1,526,522	10,175,871
Miscellaneous Income	47,067,536	23,822,862
	50,416,899	**35,066,227**
Schedule 14		
SOFTWARE DEVELOPMENT EXPENSES		
Salaries, Wages and Bonus	375,021,675	320,927,585
Contribution to provident Fund and other funds	1,186,810	459,747
Staff Welfare Expenses	1,343,502	1,444,513
Sub-contract Fee	172,620,904	284,642,672
	550,172,891	**607,474,518**
Schedule 15		
GENERAL AND ADMINISTRATION EXPENSES		
Power and Fuel	3,178,133	2,269,783
Rent	17,804,908	32,856,539
Consultancy and professional Charges	21,788,357	40,240,767
Internal Audit Fee	300,000	300,000
Traveling and Conveyance	26,526,176	29,693,238
Insurance Expenses	5,190,155	1,006,584
Rates and Taxes	1,993,554	2,628,347
Communication Expenses	10,627,664	8,405,344
Computer hire charges	2,990,568	2,559,230
Auditor's Remuneration		
Audit Fees	1,619,893	675,000
For certification work including tax audit fees	125,000	125,000
Bad Debts written off	6,473,474	3,489,899
Office Maintenance	6,477,323	14,798,202
Business development expenses	17,876,911	7,870,456
Loss on Sale of Asset	2,734,019	7,325,120
Miscellaneous Expenses	15,538,332	14,672,167
	141,244,466	**168,915,676**
Schedule 16		
INTEREST & FINANCE CHARGES		
Interest on working capital loan and Other loans	20,092,762	23,237,946
Finance & Bank Charges	3,391,937	8,305,112
	23,484,699	**31,543,058**

Schedule -17
Significant Accounting Policies and Notes to the Financial Statements

(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 of enterprises and the midsize units of Global 2000 enterprises across the spectrum of business industries. The Group is recognized 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 standard 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 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 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The Group financial statements incorporate the financial information of Cambridge Technology Enterprise Limited, its subsidiaries made up to March 31, 2011. 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 an 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 Group 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.

Revenue in respect of sale of courseware and other reference material are recognized on delivery / dispatch of the material to the customer where as the revenue from the tuition activity is recognized over the period of the course programmes or as per the terms of the agreement, as the case may be.

Other income

Profit on sale of investments is recorded on transfer of title from the Group and is determined as the difference between the sales price and the then carrying value of the investment. Dividend income is recognized when the 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 and expenditure incurred on development of computer software and the cost of assets not put to use before the year-end are also included under capital work in progress.

Depreciation

Depreciation on the Tangible Fixed Assets of the Group is provided on Written down Value method as per Schedule XIV of the Companies Act, 1956 on pro-rata basis except for the following block of assets.

	Estimated useful lives
Computers	2 to 5 years
Buildings	15 to 20 years
Plant and Machinery (Other than Computers)	10 to 20 years
Furniture, Fixtures and Interiors	5 to 10 years
Leasehold improvements	Shorter of lease period Or Estimated useful lives

Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition.

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 generated 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 recognised 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 Inventories

Finished goods comprising education and training materials are valued at cost or net realizable value, whichever is lower. Small value tools and consumables are charged to consumption on purchase. Cost is determined using weighted average method.

2.7 Goodwill

Goodwill comprises of the excess of purchase consideration comprising of initial guaranteed consideration and deferred earn outs over the book value of the net assets of the acquired enterprise. Impairment of goodwill is evaluated annually, unless it indicates some more frequent evaluation. Impairment recorded in the profit and loss account to the extent the net discounted cash flows from the continuance of the acquisition are lower than its carrying value.

2.8 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.

2.9 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.

2.10 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.

In case of forward exchange contract or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and/ or is a highly probable forecast transaction, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contract. Gains/losses on settlement of transaction arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

In all other cases the gain or loss on contract is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate (or the forward rate last used to measure a gain or loss on that contract for an earlier period), is recognized in the profit and loss account for the period.

Foreign subsidiaries are non-integral in nature. Assets and Liabilities of such subsidiaries are translated at the year end exchange rate; income and expenditure are translated at the average rate during the period. The resultant translation adjustment is reflected as a separate component of shareholders' funds as a 'Currency Translation Reserve'.

2.11 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 Group 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.

2.12 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 Group 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 Group 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.

2.13 Earnings per share

In determining earnings per share, the Group 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.

2.14 Retirement benefits to employees

Gratuity

The Group 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 Group make monthly contributions to the government administered authority.

3. Notes on Accounts

3.1 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, 2011	March 31, 2010
Subsidiaries of Cambridge Technology Enterprises Limited			
Cambridge Technology Enterprises Mauritius Limited	Mauritius	100%	-
Cambridge Technology India Private Limited	India	100%	100%
*Subsidiaries of Cambridge Technology Enterprises Mauritius Limited**			
smartShift GmbH	Germany	100%	-
Vox Holdings Inc.	USA	100%	-
Cambridge Technology Enterprises Inc.**	USA	100%	-
-Reilly & Associates Inc.	USA	-	100%
-Comcreation Inc.	USA	-	100%
-CellExchange Inc.	USA	-	100%

* Refer note 3.3 for details.

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

3.2 Goodwill on Consolidation

a. During October 2010, the Group acquired all the outstanding equity shares of smart Shift GmbH, Mannaheim, Germany, which is mainly in the business of ERP data migration and coding, for a consideration of Rs. 49,850,494 (inclusive of acquisition costs). The group has recorded goodwill of Rs. 50,911,098 representing the difference between the initial cash consideration and the book value of negative net assets as at the date of acquisition Rs. 1,060,604.

b. During October 2010, the Group acquired all the outstanding equity shares of Vox Holding Inc., Cambridge, United States of America, which is mainly in the business of enabling cloud computing services, for a consideration of Rs. 44,114,446 (inclusive of acquisition costs). The group has recorded goodwill of Rs. 50,911,098 representing the difference between the initial cash consideration and the book value of negative net assets as at the date of acquisition Rs. 1,645,244.

c. During April 2007, the Group acquired all the outstanding equity shares of Comcreation Inc. and its Indian subsidiary Comcreation Technologies Private Limited for a consideration of Rs. 91,905,758 (inclusive of acquisition costs).The group has recorded goodwill of Rs. 76,111,034 representing the difference between the initial cash consideration and the book value of net assets as at the date of acquisition Rs. 15,794,724. Due to non achievement of certain revenue and performance targets, the company waived off Rs. 9,320,000 from the consideration balance due as on. Hence, the same is adjusted to the goodwill on consolidation.

d. During July 2007, the Company acquired all the outstanding shares of Reilly & Associates Inc., Michigan, United States of America for a initial cash consideration of Rs. 87,171,373 (inclusive of acquisition costs). The group has recorded goodwill of Rs. 95,938,450 representing the difference between the initial cash consideration and the book value of negative net assets as at the date of acquisition of Rs. 8,767,077. Due to non achievement of certain revenue and performance targets, the company waived off Rs. 1,617,030 from the consideration balance due as on. Hence, the same is adjusted to the goodwill on consolidation.

e. The goodwill on consolidation will be restated based on the future payment of earn outs based on the performance criteria specified in the respective agreements.

3.3 Details of investments in and disposals of securities

(Amount in Rs.)

	Year ended March 31	
	2011	**2010**
Investment in securities		
Long term investments	312,036,642	-
Liquid Mutual Funds	40,632,564	402,494
Redemption /disposal of investments in securities		
Long term investments	321,868,688	6,250,000
Liquid Mutual Funds	28,000,000	402,494
Net movement in Investments		
Long term investments	(9,832,046)	(6,250,000)
Liquid Mutual Funds	12,632,564	-

ii. Investments sold during this year (Including Reinvestments)

Particulars	Units	Cost	Value
Reliance Liquid Fund	2,513,127	11.14	28,000,000
Shares of CTE Inc.	4,287,976	75.06	321,868,688

3.4 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 1,021,542 options were granted till date of 31st March, 2011.

Changes in number of options outstanding were as follows:

	As at March 31	
	2011	**2010**
Options outstanding beginning of period	244,998	554,958
Granted during the year	249,000	-
Less: Exercised	7,766	-
Forfeited	265,963	309,960
Options outstanding, end of period	220,269	244,998

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, which provides for 1,500,000 options.

Changes in the number of options outstanding:

	As at March 31	
	2011	**2010**
Options outstanding beginning of period	389,160	1,190,040
Granted during the year	-	309,960
Less: Exercised	-	826,314
Forfeited	-	284,526
Options outstanding end of period	389,160	389,160

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, which provides for 1,045,000 options.

Changes in the number of options outstanding:

	As at March 31	
	2011	**2010**
Options outstanding beginning of period	-	-
Granted during the year	295,000	-
Less: Exercised	-	-
Forfeited	-	-
Options outstanding end of period	295,000	-

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,	
		2011	**2010**
Net Profit (as reported)		-	(204,234,898)
Add: Stock based employee compensation		-	-
Less: Stock based compensation expenses determined under fair value method (pro forma)		-	327,704
Net Profit (Pro forma)		-	(203,907,194)
Earnings per share (Rs.)			
Basic	- as reported	-	0.06
	- as pro forma	-	0.06
Diluted	- as reported	-	0.06
	- as pro forma	-	0.06

The key assumptions used in Black-Scholes' model for calculating fair value are: risk-free interest rate ranging from 7.50% to 8.00% (2010 – 7.21% to 7.73%), expected life: 2.5 years to 4 years (2010 – 2.5 years to 4.5 years), expected volatility of shares 63.77% to 72.66% (2010 – 63.77% to 72.66%), dividend yield 0% (2010 – 0%). The range variables detailed herein represent the highs and the lows of the assumptions during the pendency of the grant dates.

3.5 Related party transactions

Key Management Personnel

Stefan Hetges	Whole-time Director and Chief Executive Officer (w.e.f 15 November 2010)
Bhaskar Panigrahi	Chairman and Chief Executive Officer (Till 14 February 2011)
D.R.R Swaroop	Whole-time Director
Samir Bhatia	Whole-time Director and Chief Financial Officer (w.e.f 14 February 2011)
Arjun Chopra	Whole-time Director (w.e.f 19 April 2010 up to 15 November 2010)

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

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

(Amount in Rs.)

Nature of Transaction	Year ended March 31	
	2011	2010
Transactions with key management personnel		
Remuneration		
-Bhaskar Panigrahi	1,050,000	1,200,000
-D.R.R. Swaroop	1,200,000	1,200,000
-Stefan Hetges	2,303,033	-
-Samir Bhatia	531,570	-
-Arjun Chopra	2,470,800	-
Amount Payable to		
-Bhaskar Panigrahi	-	66,010
-D.R.R. Swaroop	-	53,913
-Stefan Hetges	255,893	-
-Samir Bhatia	177,190	-

3.6 Reconciliation of basic and diluted shares used in computing earnings per share

	As at March 31,	
	2011	2010
Number of shares considered as basic weighted average shares outstanding	16,731,742	15,824,415
Add: Effect of dilutive issue of stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	16,731,742	15,824,415

3.7 Leases

Operating Leases

The Group leases offices under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental expenses under those leases were Rs.17,804,908/- (Previous year Rs. 32, 856,539/-).

Finance Leases

A subsidiary of the group has taken computers under finance lease. Future minimum lease payments under finance leases as at March 31, 2011 are as follows:

(Amount in Rs.)

Lease Obligations	Present value of minimum lease payments	Future interest	Minimum lease payments
Within one year of the balance sheet date	118,135	29,580	147,715
Due in period between one and five years	—	—	—

3.8 Segment reporting

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

3.9 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, 2011 and 2010 are as follows:

(Amount in Rs.)

	Year ended March 31,	
	2011	2010
Remuneration*	5,305,403	6,766,625
Perquisites & Allowances	-	-
Directors sitting fee	410,000	280,000

*Remuneration is net of accrual towards Gratuity, a defined benefit plan and provident fund which is managed for the Group as a whole. Contributions to defined benefit plan and provident fund and other perquisites and allowances have been included in Schedule 14 and 15.

3.10 Retirement benefits to employees

Defined contribution plan

During year ended March 31, 2011, the Group contributed Rs.1,186,810/- to provident fund.

Defined benefit plan – gratuity and privilege leave

The amounts recognized in the balance sheet as at March 31, 2011 are as follows:

(Amount in Rs.)

	31st March 2011	31st March 2010
Present value of obligations	7,660,036	5,822,639
Fair value of plan assets	-	-
Net liability	7,660,036	5,822,639
Amount in balance sheet		
Liability	7,660,036	5,822,639
Asset	-	-
Net Liability	7,660,036	5,822,639

The amounts recognized in the profit and loss account for the year ended March 31, 2011 are as follows:

	31st March 2011	31st March 2010
Current service cost	711,523	835,087
Interest cost	465,811	429,478
Expected return on plan assets	-	-
Recognized net actuarial loss (net)	2,932,169	1,333,006
Total included in 'employee benefit expenses' (net)	4,109,503	2,597,571
Actual return on plan assets	-	-

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

	31st March 2011	31st March 2010
Defined benefit obligation at beginning of the year	5,822,639	5,423,761
Current service cost	711,523	835,087
Interest cost	465,811	429,478
Benefits Paid (net)	(2,272,106)	(2,198,693)
Actuarial loss (net)	2,932,169	1,333,006
Defined benefit obligation at end of the year	7,660,036	5,822,639

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

	31st March 2011	31st March 2010
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gains	-	-
Contribution by employer	2,272,106	2,198,693
Benefits paid	2,272,106	2,198,693
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:

	31st March 2011		31st March 2010	
	CTEL	CTIPL	CTEL	CTIPL
Discount Rate	8.00%	8.00%	8.00%	7.60%
Expected return on plan assets	8.00%	8.00%	8.00%	7.60%
Salary Escalation	7.00%	7.00%	7.00%	17.19%

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 Group evaluates these assumptions annually based on its long term plans of growth and industry standards.

3.11 Contingencies & Guarantees

During the 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).

3.12 Prior year comparatives

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

For P. Murali & Co.
Chartered Accountants

For and on behalf of board

P. Murali Mohana Rao
Partner
Membership No: 23412

D.R.R Swaroop
Whole-time Director

L Sridhar
Director

Place: Hyderabad
Date: 30-05-2011

Samir Bhatia
Chief Financial Officer

V Ramana Reddy
Company Secretary

Standalone Financial Statements

Auditors' Report on Standalone Financial Statements

To
The Members of
Cambridge Technology Enterprises Limited

1. We have audited the attached Balance Sheet of **Cambridge Technology Enterprises Limited** (the 'Company') as at 31st March, 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on the date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion .
3. As required by the Companies (Auditor's Report) order 2003 and as amended by the Companies (Auditor's Report) (Amendment) order 2004, issued by the Central Government of India in terms of the sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
   - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit ;
   - (ii) 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 ;
   - (iii) The financial statements dealt with by this report are in agreement with the books of account ;
   - (iv) In our opinion, the financial statements dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956 ;
   - (v) On the basis of written representations received from the Directors, as on 31st March , 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March , 2011 from being appointed Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act,1956 ;
   - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
     - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March , 2011;
     - (b) In the case of the Profit & Loss Account, of the Profit for the period ended on that date; and
     - © the Cash Flow Statement, of the cash flows for the year ended on that date.

For P. Murali & Co.
Chartered Accountants
FRN: 007257S

P. Murali Mohana Rao
Partner
Membership No. 23412

Place : Hyderabad
Date : 30-05-2011

Annexure to the Auditors' Report of even date to the members of Cambridge Technology Enterprises Limited, on the financial statements for the year ended March 31, 2011

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, We report that :

I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion, 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 U/s.301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(b) to (d) of the Order are not applicable.

(b) 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. Accordingly, the provisions of clause 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

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, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.

(b) In our opinion, there are no transactions in pursuance of contracts or arragements entered in the register maintained under section 301 of the Act, during the year aggregating rupees five lakhs or more in respect of any party.

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 has an internal audit system commensurate with its size and the nature of its business.

VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (I) of section 209 of the Companies Act, 1956.

IX. a) The Company is regular in depositing undisputed statutory dues including PF, Income Tax and Cess and any other statutory dues with the appropriate authorities and at the last of the 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, Sales Tax, Income Tax, wealth tax, service tax, customs duty, excise duty and 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 no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and the immediately preceding financial year.

XI. In our opinion, the Company has not defaulted in repayment of dues to a financial institution or a bank or debenture holders during the year.

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 has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.

XVI. According to the information and explanations given to us, the term loans obtained by the Company were applied for purpose for which such loans were obtained by the Company.

XVII. On the basis of our examination of the books and 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 and 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 : 30-05-2011

P. Murali Mohana Rao
Partner
Membership No. 23412

Standalone Balance Sheet

Amount in Rs.

		Schedules	As at 31.03.2011	As at 31.03.2010
I.	**SOURCES OF FUNDS**			
	SHAREHOLDERS' FUNDS			
	(a) Capital	1	196,310,150	158,244,150
	(b) Reserves and Surplus	2	424,928,692	353,183,740
	LOAN FUNDS			
	(a) Secured Loans	3	49,761,569	97,411,304
	(b) Unsecured Loans	4	-	12,069,581
	DEFERRED TAX LIABILITY		14,937,747	15,018,713
			685,938,158	**635,927,487**
II.	**APPLICATION OF FUNDS**			
	FIXED ASSETS			
	(a) Gross Block	5	385,737,583	309,193,334
	(b) Less: Depreciation and Amortization		267,892,425	172,450,166
	(c) Net Block		117,845,158	136,743,168
	(d) Capital work in progress		-	41,261,010
			117,845,158	178,004,178
	INVESTMENTS	6	460,154,752	457,354,234
	CURRENT ASSETS, LOANS AND ADVANCES			
	(a) Sundry Debtors	7	214,306,384	160,305,305
	(b) Cash and Bank Balances	8	18,083,119	1,935,602
	(c) Loans and Advances	9	35,962,014	27,152,329
			268,351,517	189,393,236
	Less:			
	CURRENT LIABILITIES AND PROVISIONS			
	(a) Liabilities	10	151,731,579	183,930,961
	(b) Provisions	11	8,681,691	4,893,200
			160,413,269	188,824,162
	NET CURRENT ASSETS		107,938,248	569,075
	TOTAL		**685,938,158**	**635,927,487**
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	16		

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.
Chartered Accountants

P. Murali Mohana Rao
Partner
Membership No. 23412

For and on behalf of Board of Directors

D R R Swaroop
Wholetime Director

L Sridhar
Director

Samir Bhatia
Chief Financial Officer

V Ramana Reddy
Company Secretary

Place: Hyderabad
Date: 30-05-2011

Standalone Profit and Loss Account

Amount in Rs.

		Schedules	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010
I.	**INCOME**			
	Income from Software Services and Products		327,619,009	327,778,744
	Other Income	12	2,853,771	33,111,151
			330,472,780	**360,889,895**
II.	**EXPENDITURE**			
	Software Development Expenses	13	150,242,759	181,419,839
	General and Administration Expenses	14	54,455,326	52,157,382
	Depreciation and Amortisation	5	96,749,919	102,213,645
	Interest and Finance Charges	15	10,369,014	17,880,933
			311,817,018	**353,671,799**
	Profit before Tax		18,655,763	7,218,096
	Income tax expense			
	Current Tax		4,002,363	1,232,390
	MAT Credit Benefit		(3,718,187)	(1,232,390)
	Deferred Tax		(80,966)	6,254,943
	Profit after Tax		**18,452,553**	**963,153**
	Balance brought forward from previous year		180,761,561	179,798,408
	Profit available for Appropriation		**199,214,114**	**180,761,561**
	Balance Carried to Balance Sheet		**199,214,114**	**180,761,561**
	EARNINGS PER SHARE - EPS			
	Equity shares of par value Rs. 10/- each			
	Basic (in Rs.)		1.10	0.06
	Diluted (in Rs.)		1.10	0.06
	Number of shares for calculating EPS			
	Basic		16,731,742	15,824,415
	Diluted		16,731,742	15,824,415
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS		16		

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 Account referred to in our report of even date.

For P. Murali & Co.
Chartered Accountants

P. Murali Mohana Rao
Partner
Membership No. 23412

Place: Hyderabad
Date: 30-05-2011

For and on behalf of Board of Directors

D.R.R Swaroop
Wholetime Director

L Sridhar
Director

Samir Bhatia
Chief Financial Officer

V Ramana Reddy
Company Secretary

Standalone Cashflow for the period ended 31st March 2011

	Details		For the Period ended with 31st Mar'2011	For the Period ended with 31st Mar'2010
A.	**Cash Flow from Operating Activities**			
	Net Profit / (Loss) before tax		18,655,763	7,218,096
	Adjustment for :			
	Depreciation & Amortization		96,749,919	102,213,645
	Dividend Income from Mutual Funds		(632,564)	(2,494)
	Interest Income		(20,795)	(89,874)
	Interest Expenses (net)		10,369,014	17,880,933
	Provision for Gratuity		1,018,518	450,012
	Loss on sale of Assets (Net)		1,373,745	-
	Operating profit before working capital changes		**127,513,599**	**127,670,318**
	Adjustment for:			
	Change in Sundry Debtors		(54,001,079)	66,400,744
	Change in Loans & Advances		(8,809,684)	18,793,786
	Change in Current Liabilities and Provision		(29,429,409)	(80,560,496)
	Cash generated from operations		**35,273,427**	**132,304,352**
	Income tax (paid)/ refunded		(284,176)	-
	Net cash from operating activities	**A**	**34,989,251**	**132,304,352**
B.	**Cash Flow from Investing Activities**			
	Purchase of Fixed Assets (Incl capital working progress)		(37,964,645)	(52,666,592)
	Sales / (Purchase) of Investments		(2,800,518)	6,250,000
	Interest received		20,795	89,874
	Dividend Income from Mutual Funds		632,564	2,494
	Net cash from investing activities	**B**	**(40,111,803)**	**(46,324,224)**

Amount in Rs.

	Details		For the Period ended with 31st Mar'2011	For the Period ended with 31st Mar'2010
C.	**Cash Flows from Financing Activities**			
	Proceeds from issue of preference issue		53,292,400	(23,375,000)
	Increase (Decrease) in Term Loans (net)		(47,649,735)	(48,019,182)
	Increase (Decrease) in Unsecured loan		(12,069,581)	(6,994,330)
	Interest Paid		(10,369,014)	(17,880,933)
	Increase (Decrease) in Share Capital		38,066,000	-
	Net cash used from financing activities	**C**	**21,270,070**	**(96,269,445)**
	Net change in cash (A+B+C)		**16,147,517**	**(10,289,317)**
	Cash and cash equivalents at beginning of year		1,935,602	12,224,919
	Cash and cash equivalents at end of year		18,083,119	1,935,602

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.
Chartered Accountants

For and on behalf of Board of Directors

P. Murali Mohana Rao
Partner
Membership No. 23412

D R R Swaroop
Wholetime Director

L Sridhar
Director

Place: Hyderabad
Date: 30-05-2011

Samir Bhatia
Chief Financial Officer

V Ramana Reddy
Company Secretary

Schedules forming part of Standalone Balance Sheet

Amount in Rs.

	As at March 31, 2011	As at March 31, 2010
Schedule 1		
SHARE CAPITAL		
Authorised		
30,000,000 (Previous year: 30,000,000) equity shares of Rs.10/- each	**300,000,000**	**300,000,000**
Issued, Subscribed and Paid-up		
19,631,015 (Previous year: 15,824,415) equity shares of Rs. 10/- each fully paid	196,310,150	158244150
Of the above-		
(i) 3,806,600 (previous year – Nil) equity shares of Rs.10/- were allotted as fully paid up under preferential allotment.		
(ii) 5,811,700 (Previous year : 5,811,700) equity shares of Rs.10/- each are allotted as fully paid up by way of bonus shares by capitalisation of surplus in the Profits and Loss account.		
(iii) 2,500,000 (Previous year : 2,500,000) equity shares of Rs.10/- each are allotted as fully paid up bonus shares by capitalisation of share Premium.		
	196,310,150	**158,244,150**
Schedule 2		
RESERVES AND SURPLUS		
Capital Redemption Reserve	499,000	499,000
	499,000	499,000
Share Premium account		
As per Last Balance Sheet	171,923,178	171,923,178
Add : Received during the Period	53,292,400	-
	225,215,578	171,923,178
Balance in profit and loss account	199,214,114	180,761,561
	424,928,692	**353,183,740**
Schedule 3		
SECURED LOANS		
Loans and Advances from Banks	49,761,569	97,411,304
(Secured against the current assets and fixed assets of the company)		
	49,761,569	**97,411,304**
Schedule 4		
UNSECURED LOANS		
From Directors	-	-
From Others	-	12,069,581
	-	**12,069,581**

Schedules forming part of Standalone Balance Sheet

Schedule: 5

FIXED ASSETS :

Amount in Rs.

S.No.	Name of Asset	Gross Block				Depreciation				Net Block	
		Cost as at 01.04.2010	Additions During the Period	Deletions during the period	Cost as at 31.03.2011	Up to 01.04.2010	For the Period	Deletions during the period	Total upto 31.03.2011	As at 31.03.2011	As at 01.04.2010
	Tangible Assets										
1	Plant & Machinery	1,641,009	994,001	-	2,635,010	225,790	267,343	-	493,133	2,141,877	1,415,219
2	Electrical Fittings	1,201,883	-	901,810	300,073	487,410	99,383	467,618	119,175	180,898	714,473
3	Furniture & Fixtures	3,608,563	-	690,631	2,917,932	770,072	513,767	324,825	959,014	1,958,918	2,838,491
4	Computers	19,871,776	57,840	128,268	19,801,348	16,678,366	1,296,020	64,134	17,910,252	1,891,096	3,193,410
5	Office Equipment	2,360,398	402,039	1,124,694	1,637,743	627,644	286,385	451,081	462,948	1,174,795	1,732,754
6	Software	15,018,273	5,705,691	-	20,723,964	10,519,669	6,016,872	-	16,536,541	4,187,423	4,498,604
	TOTAL	**43,701,902**	**7,159,571**	**2,845,403**	**48,016,070**	**29,308,952**	**8,479,770**	**1,307,658**	**36,481,064**	**11,535,006**	**14,392,950**
	Intangible Assets										
7	Computer Software Used in Development of Projects	43,918,535	-	-	43,918,535	43,918,535	-	-	43,918,535	-	-
8	Internally developed Software - Reusable Components Library	221,572,896	72,230,082	-	293,802,978	99,222,677	88,270,149	-	187,492,826	106,310,152	122,350,219
	TOTAL	**265,491,431**	**72,230,082**	**-**	**337,721,513**	**143,141,212**	**88,270,149**	**-**	**231,411,361**	**106,310,152**	**122,350,219**
	Total	**309,193,333**	**79,389,653**	**2,845,403**	**385,737,583**	**172,450,164**	**96,749,919**	**1,307,658**	**267,892,425**	**117,845,158**	**136,743,169**
	Previous Year	**141,116,501**	**168,076,832**	**-**	**309,193,333**	**70,236,519**	**102,213,645**	**-**	**172,450,164**	**136,743,169**	**70,879,982**

Schedules forming part of Standalone Balance Sheet

Amount in Rs.

	As at March 31, 2011	As at March 31, 2010
Schedule 6		
INVESTMENTS		
Long Term Investments (At cost)		
Investments in subsidiaries		
(Non-Trade;Unquoted, Fully paid-up)		
Cambridge Technology Enterprises Inc. (1,000,000 (Previous year 1,000,000) common stock of USD 0.01each)	-	321,868,688
Cambridge Technology Enterprises- Mauritius Ltd. (24,225 shares issued @USD1 and 1,722,770 shares issued @USD 4.10)	312,036,642	-
Cambridge Technology India Private Limited (Formerly known as Q-Soft Systems and Solutions Pvt Ltd) (457,100 Common stock of Rs. 10 each)	135,485,546	135,485,546
Short Term Investement		
Liquid Mutual Funds	12,632,564	-
	460,154,752	**457,354,234**
Schedule 7		
SUNDRY DEBTORS		
(Unsecured and considered good)		
-Debts outstanding for a period exceeding six months	45,721,320	69,407,702
-Other debts	168,585,064	90,897,603
	214,306,384	**160,305,305**
Schedule 8		
CASH AND BANK		
Cash in hand	2,451	12,486
Balances with Scheduled Banks		
on Current Accounts	17,496,878	1,345,394
on deposit Account	583,790	577,722
	18,083,119	**1,935,602**

Schedules forming part of Standalone Balance Sheet

Amount in Rs.

	As at March 31, 2011	As at March 31, 2010
Schedule 9		
LOANS AND ADVANCES		
(Unsecured, Considered good)		
- Employee Advances	1,669,340	435,272
- Prepaid Expenses	2,005,087	1,764,165
- Security Deposits	5,619,776	7,188,738
- Others	26,667,811	17,764,154
	35,962,014	**27,152,329**
Schedule 10		
LIABILITIES		
Sundry Creditors		
-Total outstanding dues of creditors other than Micro enterprises and Small enterprises	5,240,332	18,614,490
Subsidiary Companies		
-Due to CTE Inc.	87,620,130	95,374,734
-Due to Cambridge Technology India Pvt Ltd.,	679,307	1,308,381
Other liabilities	58,191,810	68,633,357
	151,731,579	**183,930,961**
Schedule 11		
PROVISIONS		
Provision for Income Tax	4,002,363	1,232,390
Provision for Gratuity	4,679,328	3,660,810
	8,681,691	**4,893,200**

Schedules forming part of Standalone Profit and Loss account

Amount in Rs.

	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010
Schedule 12		
OTHER INCOME		
Interest Income (on bank deposits)	20,795	89,874
Dividend received on Mutual funds	632,564	2,494
Exchange Fluctuation gain	2,200,412	9,293,783
Miscellaneous Income	-	23,725,000
	2,853,771	**33,111,151**
Schedule 13		
SOFTWARE DEVELOPMENT EXPENESES		
Salaries, Wages and Bonus	122,090,929	107,086,555
Contribution to provident Fund and other funds	979,273	459,747
Staff Welfare Expenses	1,322,135	1,186,033
Subcontract Fee	25,850,422	72,687,504
	150,242,759	**181,419,839**
Schedule 14		
GENERAL AND ADMINISTRATION EXPENSES		
Power and Fuel	2,433,054	2,269,783
Rent	8,466,976	10,373,663
Repairs to Buildings	782,146	1,448,157
Computer perepherals	69,306	129,508
Consultancy and professional Charges	10,128,701	10,511,426
Internal Audit Fee	300,000	300,000
Traveling and Conveyance (Incl.Foriegn Travel)	16,688,749	14,534,064
Insurance Expenses	2,156,033	1,006,584
Rates and Taxes	486,933	1,263,267
Communication Expenses	3,059,239	2,932,581
Computer hire charges	2,298,760	2,559,230
Auditor's Remuneration		
Audit Fees	675,000	625,000
For certification work including tax audit fees	75,000	75,000
Office Maintenance	2,654,148	2,213,890
Loss on sale of Asset	1,373,745	-
Miscellaneous Expenses	2,807,536	1,915,228
	54,455,326	**52,157,382**
Schedule 15		
INTEREST AND FINANCE CHARGES		
Interest on working capital loan and Other loans	9,516,678	17,468,077
Bank Charges	852,336	412,856
	10,369,014	**17,880,933**

SCHEDULE -16
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

(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 of 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

Profit 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 recognised 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

3. Notes on Accounts

3.1 Share Capital.

During the year, The Company has allotted 3,806,600 equity shares of Rs.10/- each at a premium of Rs. 14/- per equity share on preferential issue on 4th January, 2011, resulting in increase of Paid up Share Capital by Rs. 38,066,000 and Share Premium amount by Rs. 53,292,400/-

3.2 Details of Investments

(i) Details of investments in and disposals of securities (Amount in Rs.)

	Year ended March 31,	
	2011	2010
Investment in securities		
Long term investments	312,036,642	—
Liquid Mutual Funds	40,632,564	402,494
Redemption /disposal of investments in securities		
Long term investments	321,868,688	6,250,000
Liquid Mutual Funds	28,000,000	402,494
Net movement in Investments		
Long term investments	(9,832,046)	(6,250,000)
Liquid Mutual Funds	12,632,564	—

(ii) Investments sold during the year (including reinvestments) (Amount in Rs.)

Particulars	Units	Cost	Value
Reliance Liquid Fund	2,513,127	11.14	28,000,000
Shares of CTE Inc.	4,287,976	75.06	321,868,688

3.3 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 1,021,542 options were granted till date of 31st March, 2011.

Changes in number of options outstanding were as follows:

	As at March 31	
	2011	2010
Options outstanding beginning of period	244,998	554,958
Granted during the year	249,000	—
Less: Exercised	7,766	—
Forfeited	265,963	309,960
Options outstanding end of period	220,269	244,998

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, which provides for 1,500,000 options.

Changes in the number of options outstanding:

	As at March 31	
	2011	2010
Options outstanding beginning of period	389,160	1,190,040
Granted during the year	—	309,960
Less: Exercised	—	826,314
Forfeited	—	284,526
Options outstanding end of period	389,160	389,160

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, which provides for 1,045,000 options.

Changes in the number of options outstanding:

	As at March 31	
	2011	2010
Options outstanding beginning of period	—	—
Granted during the year	295,000	—
Less: Exercised	—	—
Forfeited	—	—
Options outstanding end of period	295,000	—

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	
	2011	2010
Net Profit (as reported)	—	963,153
Add: Stock based employee compensation	—	—
Less: Stock based compensation expenses determined under fair value method (pro forma)	—	327,704
Net Profit (Pro forma)	—	1,290,857
Earnings per share (Rs.)		
Basic - as reported	—	0.06
- as pro forma	—	0.06
Diluted - as reported	—	0.06
- as pro forma	—	0.06

The key assumptions used in Black-Scholes' model for calculating fair value are: risk-free interest rate ranging from 6.73% to 7.85% (2010 – 7.21% to 7.73%), expected life: 3 years to 4 years (2010 – 2.5 years to 4.5 years), expected volatility of shares 63.77% to 72.66% (2010 – 63.77% to 72.66%), dividend yield 0% (2010 – 0%). The range variables detailed herein represent the highs and the lows of the assumptions during the pendency of the grant dates.

3.4 Related party transactions

Key Management Personnel

Stefan Hetges	Whole-time Director and Chief Executive Officer (w.e.f 15 November 2010)
Bhaskar Panigrahi	Chairman and Chief Executive Officer (till 14 February 2011)
D.R.R Swaroop	Whole-time Director
Samir Bhatia	Whole-time Director and Chief Financial Officer (w.e.f 14 February 2011)
Arjun Chopra	Whole-time Director (w.e.f 19 April 2010 up to 15 November 2010)

Enterprises over which Control exists

Cambridge Technology Enterprises-Mauritius ('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 October, 2010.
Vox Holding Inc. - USA	Wholly owned subsidiary of CTEM w.e.f 1st October,2010
Cambridge Technology India Private Limited ('CTIPL')	Wholly owned subsidiary w.e.f October 2008
Comcreation Inc Reilly & Associates Inc CellExchange Inc	Wholly owned subsidiary of CTE Inc, w.e.f 2007-08, got merged with CTE Inc. w.e.f 24th June 2010.

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

D.S. Unics Infotech limited	*D.R.R. Swaroop is a Director in the Company*

(Amount in Rs.)

Nature of Transaction	Year ended March 31	
	2011	2010
Transactions with key management personnel		
Remuneration *		
-Bhaskar Panigrahi	1,050,000	1,200,000
-D.R.R. Swaroop	1,200,000	1,200,000
Amount Payable		
-Bhaskar Panigrahi	—	66,010
-D.R.R. Swaroop	—	53,913
Transactions with enterprises over which Control exists		
Sale of services – CTE Inc.	291,040,373	291,479,339
Sale of services- smart Shift Inc.	6,732,986	-
Expenses reimbursement, net- CTE Inc.	87,620,130	95,374,734
Balance receivable/(payable)	92,119,668	(12,991,390)

(Amount in Rs.)

Nature of Transaction	Year ended March 31	
	2011	2010
Loans and advances		
Loans and advances given		
-CTE Global Solutions Pvt. Ltd.	-	20,100,000
-Cambridge Technology India Pvt. Ltd.	18,247,473	3,370,000
Repayment of loans and advances		
-CTE Global Solutions Pvt. Ltd.	-	20,100,000
-Cambridge Technology India Pvt. Ltd.	17,618,399	22,583,914
Balance outstanding		
-CTE Global Solutions Pvt. Ltd.	-	-
-Cambridge Technology India Pvt. Ltd.	(679,307)	(1,308,381)
Investment made in shares*	447,522,188	457,241,709
Sale of investments in CTE Inc to CTE-Mauritius Ltd.	321,868,688	-

* refer note 3.2 for details

3.5 Reconciliation of basic and diluted shares used in computing earnings per share

	As at March 31	
	2011	2010
Number of shares considered as basic weighted average shares outstanding	16,731,742	15,824,415
Add: Effect of dilutive issue of stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	16,731,742	-

3.6 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.8,096,792/- (Previous year Rs.10, 046,237).

Finance Leases

The Company is not having any finance lease agreements as at March 31, 2011.

3.7 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.

3.8 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, 2011 and 2010 are as follows:

(Amount in Rs.)

	Year ended March 31,	
	2011	2010
Remuneration*	2,250,000	2,400,000
Perquisites and Allowances	-	-
Directors sitting fee	410,000	280,000

*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 13 and 14.

3.9 Details of advances and loans given to subsidiary Companies

(Amount in Rs.)

Name of subsidiary	Balance outstanding as at March 31,		Maximum balance outstanding as at March 31,	
	2011	2010	2011	2010
CTIPL (Cambridge Technology India Pvt. Ltd.)	(679,307)	(1,308,381)	5,550,000	17,905,533

3.10 Retirement benefits to employees

Defined contribution plan

During year ended March 31, 2011, the Company contributed Rs.979,213/- to provident fund (Previous Year Rs.459,747/- was contributed to provident fund).

Defined benefit plan - gratuity and privilege leave

The amounts recognized in the balance sheet as at March 31, 2011 are as follows:

(Amount in Rs.)

	31st March 2011	31st March 2010
Present value of funded obligations	4,552,227	4,133,440
Fair value of plan assets	-	-
Net liability	4,552,227	4,133,440
Amount in balance sheet		
Liability	4,552,227	4,133,440
Asset	-	-
Net Liability	4,552,227	4,133,440

The amounts recognized in the profit and loss account for the year ended March 31, 2011 are as follows:

	31st March 2011	31st March 2010
Current service cost	413,936	458,346
Interest cost	330,675	345,462
Expected return on plan assets	-	-
Recognized net actuarial loss	1,309,215	623,436
Net Benefit Expense	2,053,826	1,427,244

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

	31st March 2011	31st March 2010
Defined benefit obligation at beginning of the year	4,133,440	4,318,282
Current service cost	413,936	458,346
Interest cost	330,675	345,462
Benefits paid	(1,635,039)	(1,612,086)
Actuarial loss/(gains)	1,309,215	623,436
Defined benefit obligation at end of the year	4,552,227	4,133,440

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

	31st March 2011	31st March 2010
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gains	-	-
Contribution by employer	1,635,039	1,612,086
Benefits paid	1,635,039	1,612,086
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	8.00%	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.

3.11 Supplementary Information

(i) Contingencies & Guarantees

During the 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).

(ii) Earnings in foreign currency (FOB), on accrual basis

(Amount in Rs.)

	Year ended March 31,	
	2011	**2010**
Software development and services	325,199,009	327,578,744
Total	325,199,009	327,578,744

(iii) Expenditure in foreign currency, on accrual basis

(Amount in Rs.)

	Year ended March 31,	
	2011	**2010**
Subcontracting Expenses	-	72,687,504
Traveling & Others	10,667,860	4,517,237
Salaries, wages and bonus, capitalized	-	-
Total	10,667,860	77,204,741

3.12 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, 2011.

3.13 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.

3.14 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

For and on behalf of board

P. Murali Mohana Rao
Partner
Membership No: 23412

D R R Swaroop
Whole-time Director

L Sridhar
Director

Place: Hyderabad
Date : 30-05-2011

Samir Bhatia
Chief Financial Officer

V Ramana Reddy
Company Secretary

Standlone Balance Sheet Abstract and Company's General Business Profile

(Submitted in terms of Part IV to the Companies Act, 1956)

I **Registration Details**

Registration No.	0 1 - 3 0 9 9 7	State Code	0 1
Balance Sheet Date	3 1 - 0 3 - 2 0 1 1		

II **Capital raised during the year (Amount in Rs.'000)**

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III **Position of Mobilization and Deployment of funds (Amount in Rs.'000)**

Total Liabilities	6 8 5 9 3 8	Total Assets	6 8 5 9 3 8
Sources of Funds			
Paid-up Capital	1 9 6 3 1 0	Reserves & Surplus	4 2 4 9 2 9
Secured Loans	4 9 7 6 2	Unsecured Loans	NIL
Deferred Tax Liability	1 4 9 3 8		
Application of Funds			
Net Fixed Assets	1 1 7 8 4 5	Investments	4 6 0 1 5 5
Net Current Assets	1 0 7 9 3 8		
Miscl. Expenditure	NIL	Accumulated Losses	NIL

IV **Performance of Company (Amount in Rs.'000)**

Turnover	3 2 7 6 1 9	Total Expenditure	3 1 1 8 1 7
(+) Profit /(-) Loss before tax	+ 1 8 6 5 6	(+) Profit /(-) Loss after tax	+ 1 8 4 5 2
Earning per share in Rs.		Dividend rate %	NIL
Basic	1 . 1 0	Diluted	1 . 1 0

V **Generic Names of Principal Products / Services of Company**

(As per Monetary Terms)+

Item Code Number (ITC Code) 8 5 2 4 5 3 9 . 1 0

Product Description Software Development

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 as on 31st March, 2011.

(Amount in Rs.)

	Name of the	Cambridge Technology India Pvt. Ltd.	CTE-Mauritius Ltd (Mauritius)	CTE Inc. (USA)	Voxholdings Inc., (USA)	smartShift GmbH, (Germany)
1	Issued and Subscribed	4,571,000	316,461,876	1,914,581	22,367,418	1,581,000
2	Reserves	10,363,014	(11,985,586)	(68,919,952)	(25,450,164)	6,986,361
3	Total Assets	150,566,844	958,589,905	665,978,733	914,021	34,175,773
4	Total Liabilities	135,632,830	654,113,615	732,984,104	3,996,767	25,608,412
5	Investments (except investment in subsidiaries)	-	-	-	-	-
6	Turnover	117,598,217	-	434,439,904	-	140,354,386
7	Profit/(Loss) Before Taxation	1,310,261	(12,143,962)	(202,386,612)	(620,259)	12,010,482
8	Provision for taxation	(182,600)	-	(1,382,138)	-	3,002,621
9	Profit/(Loss) After taxation	1,492,861	(12,143,962)	(201,004,474)	(620,259)	9,007,862
10	Proposed Dividend	-	-	-	-	-

CAMBRIDGE TECHNOLOGY ENTERPRISES LTD

Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956 as on 31st March, 2011

(Amount in Rs.)

	Name of the Company	Cambridge Technology India Pvt. Ltd.	CTE-Mauritius Ltd. (Mauritius)	CTE Inc. (USA)	Voxholdings Inc., (USA)	smartShift GmbH, (Germany)
1	Financial year of the Subsidiary Company	31.3.2011	31.3.2011	31.3.2011	31.3.2011	31.3.2011
2	Number of shares in the Subsidiary Company held by Cambridge Technology Enterprises Ltd on the above date	457100	1747025	4287976	4000000	NA (Paid up capital Euro 25,000)
3	Holding Company's interest in percentage	100%	100%	100% Step down foreign subsidiary	100% Step down foreign subsidiary	100% Step down foreign subsidiary
4	Net aggregate amount of Profit/(Loss) 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	-	-	-	-	-
	b) Not dealt within the accounts of Cambridge Technology Enterprises Ltd (Rs)	1,492,861	(12,143,962)	(201,004,474)	(620,259)	9,007,862
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	-	-	-	-	-
	b) Not dealt within the accounts of Cambridge Technology Enterprises Ltd (Rs)	3,982,932	NA	(159,885,439)	NA	NA
6	Changes in the interest of Cambridge Technology Enterprises Ltd between the last financial year and 31st March, 2011	-	-	-	-	-
7	Material changes between the the end of the last financial year and 31st March, 2011	-	-	-	-	-

Corporate Governance Report

Corporate Governance Report

Your Company has complied in all material 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 31st March, 2011, the Board of CTEL consists of 6 Directors, comprising 3 Executive and 3 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, 2011 is:

Name	Age (Years)	No. of other Directorships	Committee Membership(1)	Chairmanship in Committees(2)
Whole Time Director				
Stefan Hetges	48	Nil	Nil	Nil
Samir Bhatia	50	Nil	1	Nil
DRR Swaroop	52	Nil	2	Nil
Independent Directors				
Dr. P S Rana	65	2	2	2
Krishen Kumar Dhar	62	Nil	1	Nil
L. Sridhar	58	Nil	2	1

(1) Including memberships in Committees of CTEL

(2) Including chairmanships in Committees of CTEL.

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

During the financial year 2010-11, thirteen Board meetings were held. Director's attendance at Board and Annual General Meeting are as below:

Name	No. of Board Meetings held during the tenure of Director	No. of Board meetings attended	Attendancein last AGM
D R R Swaroop	13	13	Present
L Sridhar	13	12	Present
B Muralidhar$	12	9	Present
K R Chari$	13	4	Present
Samir Bhatia	2	2	NA
Dr. Prem Singh Rana@	2	1	NA
Stefan Hetges	6	1	Present
Bhaskar Panigrahi$	12	1	Present
Krishen Kumar Dhar@	2	Nil	NA
Arjun Chopra^	8	Nil	NA

$ Resigned on 14th February, 2011
@Appointed on 14th February, 2011
^ Resigned on 15th November, 2010

2. Committees of the Board

The Board has constituted the following committees:

a. Audit Committee

The Board of Directors has on 16th March, 2011 re-constituted the Audit Committee in wake of resignation of B. Muralidhar, Independent Director, member of the erstwhile Audit committee. In view of induction of Dr. P S Rana and Krishen Kumar Dhar in the Board, it was decided by the Board to re-constitute the Audit Committee as under:

1. Dr. P S Rana - Chairman
2. L Sridhar - Member
3. DRR Swaroop - Member

The Board had defined the role of the Audit Committee, as under:

a. Overseeing the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible;

b. Recommending the appointment/removal of external auditors, fixing audit fees and approving payments for any other services;

c. Reviewing with the Management the annual financial statements before submission to the Board;

d. Reviewing with the Management, external and internal auditors, the adequacy of internal control systems;

e. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

f. Discussing with internal auditors of any significant findings and follow-up thereon;

g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

h. Discussing with external auditors before the audit commences, the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern;

i. Reviewing the Company's financial and risk management policies;

j. To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

The Company Secretary shall act as a Secretary to the Committee.

During the financial year 2010-11, four Audit Committee meetings were held. Member's attendance at Committee Meeting is as below:

Committee Members	Position	Meetings held during tenure of the Member	Meetings attended
Dr Prem Singh Rana#	Chairman	1	1
L. Sridhar$	Member	4	4
DRR Swaroop	Member	4	4
B. Muralidhar*	Member	4	4

 # Chairman from 14th February, 2011
$ Chairman till 14th February, 2011
** Resigned on 14th February, 2011*

b. Investor Relation & Shareholders' Committee

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 Board of Directors of the company at its meeting held on 16th March, 2011 resolved to re-constitute the Investor Relations & Shareholders Committee in the following manner in the wake of resignation of K R Chari, Independent Director and Chairman of the erstwhile committee.

The new composition of Committee is as under:

1. L Sridhar - Chairman
2. Krishen Dhar - Member
3. DRR Swaroop - Member

The Committee consists of two independent directors and a whole time director. The committee meets as and when required.

During the financial year 2010-11, four Investor Relation & Shareholders' Committee meetings were held. Member's attendance at Investor Relation & Shareholders' Committee is as below:

Committee Members	Position	Meetings held during tenure of Member	Meetings attended
L. Sridhar	Chairman#	4	4
K. R. Chari	Chairman$	4	4
D. R. R. Swaroop	Member	4	4

 # Chairman from 16th March, 2011
$ Resigned on 14th February, 2011. Till then he was the Chairman of the Committee

Company Secretary is the Compliance officer of the Company who attends and redresses all the investor related complaints and queries from time to time on behalf of the company.

c. Compensation Committee

The object of the 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 Board of Directors of the company at its meeting held on 16 March, 2011 resolved to constitute a Compensation Committee in the following manner:

Composition

The Committee is composed of the following members:

1. Dr. P S Rana – Chairman
2. Krishen Dhar – Member
3. Samir Bhatia – Member

Terms of Reference

The Compensation Committee shall meet as and when required for the purpose of proper administration and implementation of the ESOP Schemes formulated by the Company from time to time.

The main function of the Committee will include implementation, administration and superintendence of the ESOP Scheme formulated by the Company from time to time and formulation of the detailed terms and conditions for the same including:

1. The quantum of options to be granted under an ESOP Scheme per employee and in aggregate;
2. The eligibility criteria;
3. The schedule for vesting of Employee Stock Options;
4. The conditions under which the Employee Stock Option vested in employees may lapse in case of termination of employment for misconduct;
5. The procedure for making a fair and reasonable adjustment to the number of Employee Stock Options and to the Exercise Price in case of a corporate action such as rights issues, bonus issues, merger, sale of division and others;
6. The procedure and terms for the Grant, Vest and Exercise of Employee Stock Option in case of employees who are on long leave;
7. The procedure for cashless exercise of Employee Stock Options, if required;
8. Approve forms, writings and/or agreements for use in pursuance of the ESOP Schemes;
9. Frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Insider Trading) Regulations, 1992 and (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995, by any employee;
10. Frame any other byelaws, rules or procedures as it may deem fit for administering ESOP.

3. Code of Conduct

In compliance with Clause 49 of the Listing Agreement, 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. All the members of the Board and senior management have affirmed compliance to the Code of Conduct for the financial year ended 31st March, 2011.

4. Disclosures

a. Related Party Transactions:

There have been no materially significant related party transactions, monetary transactions or relationships between the Company and directors, the Management, subsidiary or relatives, except for those disclosed in the financial statements for the year ended March 31, 2011. Complete details of related party transactions can be viewed in pages 45 and 67 of this Annual Report.

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

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

Name	Salary	Allowances / Commission	Sitting Fees	No. of Shares held	Stock Options
Stefan Hetges(1)	Nil	Nil	Nil	Nil	Nil
Samir Bhatia(2)	Nil	Nil	Nil	Nil	Nil
Arjun Chopra(3)	Nil	Nil	Nil	Nil	Nil
Bhaskar Panigrahi(4)	Nil	Nil	Nil	N.A.	Nil
DRR Swaroop	1,200,000	Nil	Nil	186,474	Nil
L Sridhar	Nil	Nil	200,000	Nil	Nil
Dr. P S Rana(5)	Nil	Nil	10,000	Nil	Nil
Krishen Dhar(5)	Nil	Nil	Nil	Nil	Nil
K R Chari(6)	Nil	Nil	80,000	N.A.	Nil
B Muralidhar(6)	Nil	Nil	130,000	N.A.	Nil

(1) Appointed as Director on 15th November, 2010
(2) Appointed as Director on 14th February, 2011
(3) Resigned as Director on 15th November, 2010
(4) Resigned as Director on 14th February, 2011
(5) Appointed as Director on 14th February, 2011
(6) Resigned as Director on 14th February, 2011

5. Profile of Directors

The following are the brief profiles of directors:

Dr. Prem Singh Rana, Independent Director & Chairman

Dr. Prem Singh Rana, Chairman and Managing Director of Panthera Developers Pvt. Ltd. possesses 39 years of experience of housing and infrastructure projects across the country. Dr. Rana was instrumental in promoting mass housing urbanization as the Chairman and Managing Director of Housing and Urban Development Corporation Limited (HUDCO).

During his tenure at HUDCO, he pioneered Infrastructure Finance in India and financed its first ever private airport and the financing of Sabarmati and Yamuna River Front project.

Dr. Rana is a member of Punjab State Planning Group and member of IIT Delhi Advisory Council. He has played a key role in National Urban Transport Policy, National Housing Policy and various state level policies. Dr. Rana holds a degree in civil engineering from Indian Institute of Technology (IIT), Delhi followed by a Diploma in Town and Country Planning from School of Planning and Architecture, Delhi. He has a doctorate in Transport Engineering and Management from University of New Castle Upon Tyne, U.K.

Samir Bhatia, Director and Chief Financial Officer (CFO)

Samir Bhatia has over 23 years of technology experience, profit and loss responsibility and building companies. He has been a CxO at several startups including Founder President at Tribiosys, Inc. a technology and process consulting firm for bio-techs and pharmaceuticals. He has launched many software and electronic products from concept to successful market penetration. More recently, as CIO at Boston Analytics, a cross border research and analytics firm, he was part of the executive management team with complete financial responsibility and was instrumental in growing the company to 170 people. Samir holds Master's degrees in Computer Science and Physics from Northeastern University.

Swaroop Dharani, Whole Time Director

Swaroop heads the overall operations in India and is specifically responsible for all the corporate governance and statutory compliances-related aspects of CTEL. Prior to his association with CTEL, Swaroop co-founded a successful IT systems integration company of more than 150 personnel. Swaroop holds an electrical engineering degree from Jawaharlal Nehru Technological University, India.

L Sridhar, Independent Director

Lalpet Sridhar is a practicing Chartered Accountant with over 30 years of experience in the field of Finance and Accounting. Prior to his career as CA, he has served as the General Manager (Finance & Accounts) in Sree Rayalaseema Alkalies & Allied Chemical Limited, an ISO 9002/14001 Certified and listed Company. Before that he has served as the Finance Manager and Company Secretary of Gayatri Starchkem Limited and Divyashakti Granites Ltd., both Hyderabad, India based companies. Prior to that, he was the Accounts Manager in Hyderabad Allwyn Ltd. He is a science graduate and holds a Diploma in information System Audit from ICAI. He is a fellow member of the Institute of Chartered Accountants of India (ICAI) and fellow member of the Institute of Company Secretaries of India (ICSI)

Krishen Kumar Dhar, Independent Director

Krishen Kumar Dhar has over 37 years of project management and business development experience and is currently the Chief Executive Officer of Panthera Developers Pvt. Ltd, New Delhi. At Panthera Developers, he is responsible for day-to-day operations, business development, execution and strategic initiatives / partnerships. Krishen Kumar Dhar graduated from IIT, Delhi with a degree in Chemical Engineering and is on the Board of the Pan IIT Alumni Association, one of the largest and most influential alumni associations in India. He started his career at ICI India, where he worked in operations management and project management.

Additional Shareholders' Information

Contact Information

1. **Representing Officers:**

   i. Chief Financial Officer

      Samir Bhatia

   ii. Company Secretary & Compliance Officer

      V Ramana Reddy

      investors@ctepl.com

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 Company Affairs is L72200AP1999PLC030997.

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

Aarthi 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, 2011

S.No.	Name	No. of shares held	% of paid up capital
	Promoters		
1	Internet Business Capital Corporation	7,589,349	38.66
2	CellExchange Inc.	810,424	4.13
	SUB-TOTAL	**8,399,773**	**42.79**
	Others		
1	Smartshift AG	2,056,600	10.48
2	Our Vox Holdings LLC	1,750,000	8.91
3	Ramesh Reddy (Trustee-ESOP Trust)	564,122	2.87
4	Raymond J Lane	500,000	2.55
5	Bhaskar Panigrahi	454,423	2.31
6	Girish Rajeshwar Chaitanya	320,690	1.63
7	MTL Share and Stock Broker Ltd	240,644	1.23
8	Anuradhar Kalra	225,000	1.15
9	Master Capital Services Ltd	224,859	1.15
	SUB-TOTAL	**6,336,338**	**33.40**
	GRAND TOTAL	**14,736,111**	**75.07**

7. **Stock Data**

The 52 week high and low closing prices recorded in BSE and NSE during the financial year - 2010-11 is as under:

Stock Exchange	BSE	NSE
High	₹ 28.60 (23rd April, 2010)	₹ 28.60 (23rd March, 2010)
Low	₹ 14.55 (10th February, 2011)	₹ 14.35 (21st March, 2011)

8. Distribution of Shareholding as on 31st March, 2011.

Range (no. of shares)	No. of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
1-500	6,895	86	1,033,889	5.27
5,01-1,000	557	7	464,905	2.37
1,001-2,000	258	3	397,122	2.02
20,01-3,000	93	1	242,485	1.24
3,001-4,000	35	0	126,768	0.65
4,001-5,000	52	1	248,302	1.26
5,001-10,000	58	1	422,015	2.15
10,001 and above	68	1	16,695,529	85.05
TOTAL	**7,989**	**100.00**	**19,631,015**	**100.00**

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 who were appointed by the company.

Total number Demat and physical shares as on 31 March, 2011 is as below:

S.No.	Mode	No. of shares	% of total paid up capital
1	Demat (NSDL)	14,290,982	72.80
2	Demat (CDSL)	4,210,071	21.45
3	Physical	1,129,962	5.75
	TOTAL	**19,631,015**	**100**

10. Secretarial Audit

For the year ended 31st March, 2011, a qualified practising 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 dividends that are unclaimed and due to be transferred to the Investor Education and Protection Fund administered by the Central Government. We furnish below a table providing the date(s) of declaration and corresponding date when the unclaimed dividend is due to be transferred to the Central Government pursuant to Section 205C of the Companies Act, 1956.

Financial year	Date of Declaration of dividend	Last date for claiming unpaid dividend	Total Unclaimed amount as on 31st March, 2010	Due date for transfer to Education and Protection Fund.
2007-08	23rd October, 2008	22nd October, 2015	₹ 84,171/-	21st 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 said Fund or 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
2009-10	30th September, 2010	Hotel Swagath-De-Royal, #2-36, Kothaguda, X Roads, Kondapur, Hyderabad - 500 081
2008-09	30th September, 2009	At KLN Prasad Auditorium, Federation House, 11-6-841, Red Hills, Hyderabad - 500 004.
2007-08	23rd October, 2008	At KLN Prasad Auditorium, Federation House, 11-6-841, Red Hills, Hyderabad - 500 004.

b. Special Resolution passed last year through postal ballot: **Yes.**

Date of Resolution	Subject matter of Special Resolution	Voted in favour of resolution %
24th January, 2011	Approval of CTEL ESOP Scheme 2011 and allotment of 1,045,000 number of shares as employee stock options to employees of the Company	99.97
24th January, 2011	Pursuant to section 81(1A) of the Companies Act, 1956 allotment of employee stock options to employees of subsidiary companies within the overall ceiling of 1,045,000 options	99.93

13. Means of Communication

i. Quarterly Results: Tentative dates for declaration of financial results.

1st Quarter - 6th week from end of June, 2011

2nd Quarter - 6th week from end of September, 2011

3rd Quarter - 6th week from end of December, 2011

4th Quarter - 6th week from end of March, 2012

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

14. Software Development Locations

a. India

i. Plot No. 18, 11th Floor, Block-D, iLabs Center, Software Units Layout, Madhapur, Hyderabad - 500 081

ii. #2,'Vasudha', 15th Cross, 38th Main J.P.Nagar, 6th Phase, Bangalore - 560 078

iii. #22 , 1st Main Road, Electronic city 1st Phase, (Opp. Fanuc India), Bangalore - 560 100

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

v. Plot No 75, Road No 14, Opp Seepz Material Gate, Andheri East, MIDC, Mumbai - 400 093

b. USA

i. 1 Main Street, Suite 530, Cambridge, Massachusetts 02142

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

c. Germany

i. Willy Brandt Platz 6, 68161, Mannheim, Germany

CTE CAMBRIDGE TECHNOLOGY ENTERPRISES

CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED

Regd. Office: Plot No.18, 11th Floor, Block-D, iLabs Center, Software Units Layout, Madhapur, Hyderabad - 500081.

ATTENDANCE SLIP

Please complete this attendance slip and hand over at the entrance of the meeting hall, joint shareholders desiring to attend the meeting may obtain additional attendance slips on request, provided such request is received by the company before 30th September, 2011.

I hereby record my presence at 12th Annual General Meeting of the Company held at The Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), Federation House, 11-6-841, Red Hills, FAPCCI Marg, Hyderabad - 500004, at 3.00 p.m. on Friday, the 30th September, 2011.

Name(s) of the Shareholders (In Block Capitals) ____________________

Name of the Proxy (In Block Capitals) ____________________

Folio No./Client ID No. ____________________ *DP ID No. ____________________

Signature(s) if Shareholder: ____________________ / if Proxy: ____________________

Note: No duplicate attendance slip will be issued at the Meeting Hall. You are requested to bring your copy of the Annual Report to the Meeting.

*Applicable to only shareholders holding shares in demat form.

CTE CAMBRIDGE TECHNOLOGY ENTERPRISES

CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED

Regd. Office: Plot No.18, 11th Floor, Block-D, iLabs Center, Software Units Layout, Madhapur, Hyderabad - 500081.

PROXY FORM

I /We ____________________ of (Place) ____________________

being a member/members of Cambridge Technology Enterprises Ltd under Folio No./Client No. ____________________

hereby appoint Mr./Ms. ____________________ of (Place) ____________________ or failing him/

her Mr./Ms ____________________ of (Place) ____________________ as my/our proxy to vote

for me/us and on my / our behalf at the 12th Annual General Meeting of the Company to be held on Friday, the 30th day

of September, 2011 and at any adjournment(s) thereof.

Signed this ____________________ day of ____________________ 2011.

Affix a Re 1/- RevenueStamp &sign across.

Note: The proxy form must be returned so as to reach the Registered Office of the company not less than 48 hours before the time for holding the aforesaid meeting.

No. of Equity Shares held: ____________________

BOOK-POST
PRINTED MATTER

If undelivered, please return to:

CTE
CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED

Plot No. 18, 11th Floor, Block D
iLabs Center, Software Units Layout
Madhapur, Hyderabad - 500 081
Andhra Pradesh, INDIA
Tel: +91 -40-40234400
Fax:+91 -40-40234600