



TRANSFORMING BUSINESS

CAMBRIDGE TECHNOLOGY ENTERPRISES
ANNUAL REPORT 2010

CTE

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Management Team

Stefan Hetges, Chief Executive Officer

Stefan 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 CTE 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.

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.

Ramesh Reddy - Chief Financial Officer

Ramesh heads the Finance function at CTE. He has been with CTE since 2003, and headed its India operations before taking on the Finance function to help the company prepare and complete its IPO in 2007. Post IPO, his role and head of finance included M&A activities spanning identifying, evaluating and structuring deals with acquisition targets that helped the company grow rapidly in the subsequent years. Prior to joining CTE, Ramesh was with Virinchi Consultants, a Hyderabad based start up in e-Business and Web-based analytical solutions. He was instrumental in helping company prepare and complete its IPO in 2000 and after that headed the company's international operations and its global delivery. Before joining Virinchi, he was a partner in a boutique Investment banking firm where he helped companies in Hyderabad raise funds through debt, equity and primary markets through two successful IPOs. Ramesh Reddy is a Chemical Engineer from IIT, Chennai, and holds a Management Degree in Finance & Marketing from XLRI, Jamshedpur.

Ted Chimiklis, Senior Vice President Sales, Americas

Ted is a technology industry executive with twenty-five years of IT sales, sales management and operations experience. Over the course of his career, Ted has been employed by various rapidly-growing technology companies such as KnowledgeWare (CA), Object Design (Progress Software), and GIGA Information Group (Forester). He joined each of these firms early in their market development and played a significant role generating exponential revenue, leading to successful Initial Public Offerings (IPO) or acquisition. In addition to the aforementioned, Ted has held senior management roles at SEAGULL Software, including General Manager of the Enterprise Division. Later at Journee Software (acquired by Initiate Systems), he launched the initial sales organization to address the nascent Customer Data Integration (CDI) and Master Data Management (MDM) markets. Ted has held various management positions overseeing sales and operations in North & South America, APAC and EMEA.

Joerg Wirthmann, Senior Vice President of Sales, Europe

Joerg Wirthmann joined CTE as part of the recent acquisition of smartShift along with Stefan. At smartShift, Joerg was responsible for all worldwide sales as well as channel partnership establishment and management. Prior to smartShift, 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 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 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 11th Annual General Meeting of the Cambridge Technology Enterprises Limited will be held on Thursday the 30th day of September, 2010 at Hotel Swagath-De-Royal, #2-36, Kothaguda, X Roads, Kondapur, Hyderabad - 500 081 at 3.00 p.m. to transact the following business :-

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date together with the Report of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. L. Sridhar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. D.R.R. Swaroop who retires by rotation and being eligible offers himself for re-appointment.
4. 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:

5. 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, Mr. Arjun Chopra, be and is hereby appointed as Whole-time Director, designated as Chief Technology Officer (CTO) of the Company for a period of 5 years with effect from 28th May, 2010 and approval of the Company be and is hereby accorded for his appointment with the following other terms and conditions:

- I. Basic salary at the rate of Rs.100,000 per month (Rupee One Hundred Thousand only)
- II. Coverage under the company's Health insurance scheme (Medi claim) for self and his family giving a combined coverage up to Rs. 400,000 (Rupees Four Hundred Thousand Only)
- III. Personal Accident Policy cover as per the policies of the Company subject to a maximum of Rs.1,000,000 (Rupees One Million Only)

"RESOLVED FURTHER THAT Mr. D.R.R. Swaroop, Whole-time Director and Mr. V. Ramana Reddy, Company Secretary be and are hereby severally 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".

For and on behalf of the Board

Sd/-

V. Ramana Reddy
Company Secretary

Place: Hyderabad
Date: 31st August, 2010

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 Saturday, the 25th day of September, 2010 to Thursday, the 30th day of September, 2010 (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.5

Mr. Arjun Chopra was appointed as Additional Director in the Board Meeting held on 19th April, 2010 and subsequently elevated as Whole-Time director, designating Chief Technology Officer, for a period of five years with effect from 28th May 2010 at its meeting held on 27th May, 2010 subject to approval of shareholders and of Central Government. Mr. Arjun Chopra 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.

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 Mr. Arjun Chopra, for the office of Director of the Company.

None of the directors except Mr. Arjun Chopra is deemed to be interested or concerned in the said resolution.

Above profile and terms and conditions of Mr. Arjun Chopra's appointment be treated as notice under section 302 of Companies Act, 1956.

Your Directors commend the resolution for approval.

For and on behalf of the Board

Place: Hyderabad
Date : 31st August, 2010

Sd/-
V. Ramana Reddy
Company Secretary

Directors' Report

Director's Report

Dear Shareholders,

We are happy to present on behalf of the Board of Directors, the 11th Directors' Report along with the Balance Sheet, and Profit and Loss Account for the year ended 31st March, 2010.

Financial Performance

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

(₹ in Millions)

Sl. No.	Particulars	Consolidated Results		Stand Alone Results	
		FY 2010	FY 2009	FY 2010	FY 2009
1	Revenue from operations	703.28	1783.19	327.78	480.53
2	Expenses	776.39	1556.52	233.58	369.13
3	Profit from operations	(73.11)	226.66	94.20	111.40
4	Depreciation & Amortization	129.62	114.80	102.21	45.89
5	Finance Charges	31.54	48.17	17.88	16.75
6	Other Income	35.07	6.0	33.11	0.24
7	Profit from Ordinary Activities Before Tax	(199.21)	69.68	7.22	49.00
8	Tax Expense	5.02	13.23	6.26	2.93
9	Net Profit	(204.24)	56.46	0.96	46.06
10	Profit & Loss Account Balance Brought Forward	264.65	193.22	179.80	118.77
11	Adjustment to undeclared Dividend	–	14.97	–	14.97
12	Amount Available for Appropriation	60.42	264.65	180.76	179.80
13	Amount Transferred to General Reserves	–	–	–	–
14	Balance in Profit & Loss Account	60.42	264.65	180.76	179.80

a. Consolidated Results for FY 2010

Your Company has achieved a turnover of ₹ 703.28 Mn for the year ended 31st March, 2010, as against a turnover of ₹1783.19 Mn in the previous year and posted operating loss of ₹ 73.11 Mn for the year ended 31st March, 2010 versus a profit of ₹ 226.66 Mn recorded in the year ending 31st March, 2009. Net Loss for the year ended 31st March, 2010 is ₹ 204.24 Mn, and the same was a Profit of ₹ 56.46 Mn, for the year ended 31st March, 2009. Detailed analysis of consolidated financial statements is given in Management Discussion and Analysis Report forming part of this Annual Report.