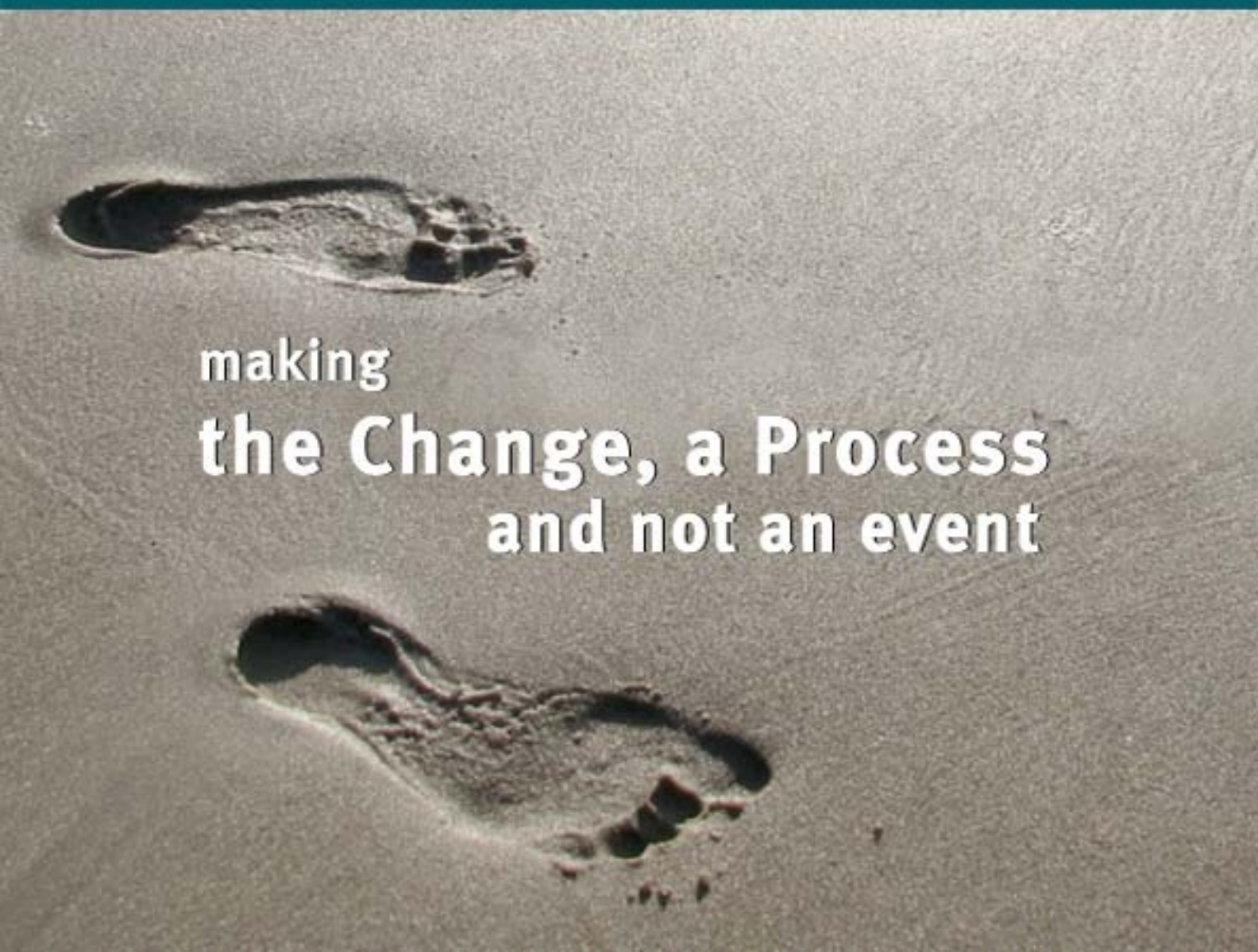


CTE

CAMBRIDGE TECHNOLOGY ENTERPRISES

Annual Report

2011



making

**the Change, a Process  
and not an event**

# Contents

Management Team	2
Notice	4
Directors' Report	8
Management Discussion and Analysis Report	14
CEO & CFO Certificate, Declaration on Code of Conduct and Certificate of Compliance	24
Consolidated Financial Statements	26
Standalone Financial Statements	49
Summary of Subsidiary Companies	73
Corporate Governance Report	76

# 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 12<sup>th</sup> Annual General Meeting of the Cambridge Technology Enterprises Limited will be held on Friday the 30<sup>th</sup> 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 31<sup>st</sup> 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 14<sup>th</sup> 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 : 29<sup>th</sup> 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 23<sup>rd</sup> day of September, 2011 to Friday, the 30<sup>th</sup> 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 14<sup>th</sup> 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 14<sup>th</sup> 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 14<sup>th</sup> 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 : 29<sup>th</sup> August, 2011



# Directors' Report

## Directors' Report

Dear Shareholders,

We are happy to present on behalf of the Board of Directors, the 12<sup>th</sup> Directors' Report along with the Balance Sheet, and Profit and Loss Account for the year ended 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March, 2011 was ₹ 185.28 Mn, and the same was ₹ 204.24 Mn, for the year ended 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March, 2010. Net Profit for the year ended 31<sup>st</sup> March, 2011 was ₹ 18.45 Mn, and the same was ₹ 0.96 Mn, for the year ended 31<sup>st</sup> March, 2010. Detailed analysis of stand alone financial statements is given in Management Discussion and Analysis Report forming part of this Annual Report.