

Embracing the new **Digital Environment**

Annual Report 2019-20

CONTENTS

Welcome to our Annual Report 2020

Board of Directors	<u>3</u>
Management Team	<u>5</u>
Board's Report	<u>8</u>
Management Discussion and Analysis Report	<u>48</u>
Corporate Governance Report	<u>62</u>
Financial Statements	<u>91</u>
Auditor's Report & Consolidated Financial Statements	<u>92</u>
Auditor's Report & Standalone Financial Statements	<u>134</u>
Notice of 21 st Annual General Meeting	<u>179</u>

Board of Directors

Dharani Raghurama Swaroop, Whole-Time Director

Dharani Raghurama Swaroop heads the overall operations in India and is responsible for the corporate governance and statutory compliances-related aspects of CT. Prior to his association with CT, Swaroop co-founded a successful IT systems integration company comprising of more than 150 personnel. Swaroop holds an Electrical Engineering degree from Jawaharlal Nehru Technological University, India. He is a member of the following Committees of the board of the company viz., Audit Committee and Stakeholders Relationship Committee. He occupies the Chairmanship in CSR Committee.

Venkat Motaparthy, Independent Director

Venkat Motaparthy has over 32 years experience in the Indian and international markets. Venkat was the former CEO of NTR Memorial Trust and is presently the President of VKR College, Gannavaram. He is the President of General and Technical Education Society, Gudivada. He is a Post Graduate in management. He is actively associated with industry associations like FAPCCI, IALA and Non- Profit Organization – Anokhi Aasha. He is a member of the Stakeholders Relationship Committee, Nomination & Remuneration Committee and CSR Committee of the board of the company. He occupies the Chairmanship in Audit Committee.

K. Jayalakshmi Kumari, Independent Director

With a deep passion for teaching, Dr. Jayalakshmi Kumari brings 17 years of experience from the educational sector having worked for leading schools and colleges in Hyderabad. Presently, she is working with the Nalanda Educational Society as a faculty in the field of social sciences. With proven ability to constantly challenge and improve existing processes and systems, she has been participating and rendering voluntary services to many social organizations. Dr. Jayalakshmi Kumari has a Ph.D. in social sciences, an M.A in Economics, M.A in Political Science, M.Phil. and M.Ed. She is a member of the Audit Committee and CSR Committee of the Board. She occupies Chairmanship in Nomination and Remuneration Committee and Stakeholders Relationship Committee.

Sridhar Lalpet, Independent Director

Mr. L. Sridhar is a practicing Chartered Accountant with more than 18 years of experience in the fields of Finance, Accounting, Auditing, Company law and Taxation. Before entering into practice as CA, he worked as General Manager (Finance) in Sree Rayalaseema Alkalies & Allied Chemical Limited, a listed Company, as Finance Manager and Company Secretary in Gayatri Starchkem Limited and Divyashakti Granites Limited, both listed companies. Also worked as Accounts Manager in Hyderabad Allwyn Limited, an AP State Government Company. He is a graduate, a fellow member of the Institute of Chartered Accountants of India (ICAI), a fellow member of the Institute of Company Secretaries of India (ICSI) and also a holder of Diploma in information System Audit from ICAI. He is also a licentiate in General Insurance from Insurance Institute of India. He is a member of Nomination and Remuneration Committee and Audit Committee of the Board.

Stefan Hetges, Director

Stefan joined CT as a part of the 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 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.



Management Team

Dharani Raghurama Swaroop - Whole-time Director

Dharani Raghurama Swaroop heads the overall operations in India and is responsible for the corporate governance and statutory compliances-related aspects of CT. Prior to his association with CT, Swaroop co-founded a successful IT systems integration company comprising of more than 150 personnel. He is a member of the following Committees of the board of the company viz., Audit Committee and Stakeholders Relationship Committee and CSR Committee. Swaroop holds an Electrical Engineering degree from Jawaharlal Nehru Technological University, India.

C S Leeladhar – Chief Financial Officer

Leeladhar is a qualified Chartered Accountant (CA) and Cost & Works Accountant (CWA) with over 27 years of experience in logistics, petroleum, EPC, IT, ITES, manufacturing and trading sectors. His areas of expertise are corporate finance, IPO, Mergers & acquisitions, MIS, US GAAP, and taxation. He worked with companies like M/s. Central India Polysters Ltd, LGS global, Shell petroleum, Sujana Towers, Gold Stone Group, Seaways Shipping & Logistics Ltd and Tenny Jose Ltd in the past.

Hanumant Bhansali, Manager - Corporate Finance & Head – Investor Relations

Hanumant Bhansali has 10 plus years of experience of working in Investment Banking, Corporate Finance & Investor Relations. He brings in end-to-end transaction execution capabilities coupled with incisive business and financial analysis. Prior to CT, Hanumant has contributed in Tata Consultancy Services, Seagull and Nine Rivers Capital. He has executed transactions across a range of sectors like Textiles, Healthcare, Automotive Components, Specialty Chemicals, Education, Theme Park, Powder Metallurgy, Solar in Fund Raising, M&A advisory & Strategy. He is a MBA in Finance from Welingkar Institute of Management and B. Tech from JNTU.

Dr. Rajan Lukose - CTO & Chief Data Scientist, Cambridge Technology Inc., USA

Dr. Rajan Lukose is the CTO & Chief Data Scientist at CT. He brings over 15 years of experience as a Senior Research Scientist at Hewlett Packard Laboratories and Xerox Palo Alto Research Center. He has over 25 patents registered in his name and has several laurels including an IBM award in Computational Finance. He has over 20 publications like 'Learning User Purchase Intent from User-Centric Data', 'Local Search in Unstructured Networks', 'An Economic Approach to Hard Computational Problems'. He received a PhD in Physics from Stanford University and had done his thesis on 'Internet Dynamics'.

Nitin Tyagi, Senior Vice President - Enterprise Solutions, Cambridge Technology Inc., USA

Nitin Tyagi has over 20 years of professional global experience in the software industry and successfully led multiple consulting, client services, sales and delivery roles across companies. He heads the technical delivery in USA for Cloud Computing, Service-Oriented Architecture (SOA), Business Intelligence and Data Warehousing, with a focus on delivery of enterprise products. Nitin oversees global delivery teams, works with global business teams and is the client partner of large strategic accounts. Prior to joining CT, Nitin led engineering, development, and commercial production efforts of ZDK-7100 Series Irdeto set-top boxes for Zintech Holding, B.V., Netherlands, a consumer electronic solution provider. Nitin holds a Masters in Computer Sciences.

Sudip Kar, Senior Vice President – Delivery, Cambridge Technology Inc., USA

Sudip Kar joined CT in 2003 to lead and implement enterprise software and cloud development projects using global delivery model. He manages and nurtures the relationship of most of the large strategic clients of CT in the United States. He helped CT attain CMMi level 5, arguably the highest level in maturity framework in the world. He heads the delivery and client management from various CT locations in the world, servicing the Company's U.S, EU and India based customers. He also heads the PMO – the quality and delivery monitoring unit of CT. Prior to joining CT he was a founding member of a USA based start-up in San Francisco Bay Area, and successfully merged its technology with a French conglomerate. Over his 24 years of experience in IT industry, Sudip worked both in India and the USA for various companies like HCL, HP and Delsoft. Sudip holds a degree in Computer Science and Engineering from Jadavpur University.

Directors Report

REPORT OF THE BOARD OF DIRECTORS

DEAR MEMBERS,

Your Directors present their Report together with the audited financial statements for the year ended March 31, 2020.

FINANCIAL PERFORMANCE/SUMMARY			(Rupees in Crores)	
Particulars	Standalone		Consolidated	
	31 st March 2020	31 st March 2019	31 st March 2020	31 st March 2019
Revenue from operations	38.37	36.66	105.71	102.55
Total Expenses	36.01	34.28	102.47	84.11
Profit Before Tax	3.06	2.79	5.43	19.78
Tax Expense / (Tax Benefit)	0.72	0.84	0.66	0.93
Profit after tax	2.34	1.95	4.77	18.85
Total Comprehensive Income	2.07	1.55	9.85	4.05
Reserves & Surplus	15.73	13.69	51.18	41.53

REVIEW OF OPERATIONS / STATE OF COMPANY'S AFFAIRS FOR THE FY 2019 - 20

Our Company is a global business & technology services company. Recognized as a thought leader & innovator of enterprise solutions, we help companies transform into AI-first Businesses by leveraging Cloud & Big Data. Regardless of the industry, we offer cutting-edge AI cloud solutions custom-made to improve the way things are done. There has been no change in the business of the Company during the financial year ended March 31, 2020.

During the financial year under review, your Company's revenue increased by 4.66% on standalone basis. On standalone basis, revenue from operations of your company for the financial year ended March 31, 2020 is Rupees 38.37 crores ("cr") as compared to Rupees 36.66 cr for the financial year ended March 31, 2019. Profit after tax increased by 20% to Rupees 2.34 cr for the year ended 31st March 2020 as compared to Rupees 1.95 cr for the same period last year. Similarly, total comprehensive income increased by 33.55% to Rupees 2.07 crores for the year ended 31st March, 2020 as compared to Rupees 1.55 cr for the same period last year. Reserves and Surplus have increased from Rupees 13.69 cr in FY 2018-19 to Rupees 15.73 crores in FY 2019-20.

Further, on consolidated basis, total revenue from operations of your company increased by 3.08% to Rupees 105.71 cr for the financial year ended March 31, 2020 as compared to the previous year's total revenue of Rupees 102.55 cr. Profit after tax decreased by 74.69% to Rupees 4.77 cr for the year ended 31st March 2020 as compared to Rupees 18.85 cr for the same period last year. Total comprehensive income increased by 143.21% to Rupees 9.85 cr for the year ended 31st March, 2020 as compared to Rupees 4.05 cr for the same period last year. Reserves and Surplus have increased from Rupees 41.53 cr in FY 2018-19 to Rupees 51.18 cr in FY 2019-20.

The Company has adopted Ind AS from 1st April, 2017. The audited financial statements (both standalone and consolidated) prepared in accordance with Section 129 and Section 133 of the Companies Act, 2013 read with the rules made thereunder ("the Act") and applicable Indian Accounting Standards (Ind AS) along with the Auditor's Report form part of this Annual Report.

As required under Section 136 of the Companies Act, 2013, audited financial statements including the consolidated financial statements and all other documents required to be attached thereto and audited or unaudited accounts, as the case may be, of each of its subsidiaries whose accounts are consolidated are available on the website of the company i.e., www.ctepl.com. These documents will also be available for inspection during the business hours at the registered office of the Company.

REPORT ON SUBSIDIARIES/JOINT VENTURE

As on March 31, 2020, the Company has 2 wholly-owned subsidiaries viz., Cambridge Technology Inc., USA, Cambridge Technology Investments Pte. Ltd., Singapore and 3 step-down subsidiaries viz., M/s Cambridge Innovation Capital LLC, USA, M/s Cambridge Bizserve Inc., Philippines and M/s Cloud Computing Global Pte Ltd., Singapore. During the Financial Year, Cambridge Technology Investments Pte. Ltd., Singapore has subscribed towards 50 shares in Joint Venture Company named ECD CTL Pte Ltd., which amounts to 50% interest in Joint Venture entity. As at the financial year end, Cambridge Technology Investments Pte. Ltd has not remitted any money for shares in the said Joint Venture.

Cambridge Bizserve Private Limited & Cambridge Innovations Private Limited ceased to be Subsidiaries of the Company during the financial year 2019-20 and M/s Cloud Computing Global Pte. Ltd., Singapore ceased to be Step – down Subsidiary of the Company in April 2020.

Highlights of Performance

Cambridge Technology Inc., USA, had net revenue of Rupees 100.47 cr during the year as compared to Rupees 49.86 cr revenue during the previous financial year. The net profit after tax is Rupees 4.79 cr in FY 2019-20 as compared to net loss of Rupees 34.49 cr in FY 2018-19. The contribution of Cambridge Technology Inc., USA to the overall performance of the company is in the form of revenue, earned by the company by rendering its services amounting to Rupees 31.55 cr. Cambridge Innovation Capital LLC, USA, a step – down subsidiary company had no revenue as on March 31, 2020 as compared to net revenue of Rupees 60.99 cr as on March 31, 2019. Cambridge Technology Investments Pte. Ltd, Singapore has nil revenue and net profit of Rupees 0.98 lakhs during the year as compared to nil revenue and net loss of Rupees 3.62 lakhs during the previous financial year. Cambridge Bizserve Inc., Philippines has net revenue of Rupees 13.52 lakhs as on March 31, 2020 and net loss of Rupees 118.74 lakhs as compared to net revenue of Rupees 118.78 lakhs and net loss of Rupees 119.36 lakhs during the previous financial year.

Apart from Cambridge Technology Inc., the other entities did not make any material contribution to the overall performance of the company during the financial year 2019-20. Cloud Computing Global Pte Ltd, step – down subsidiary company and ECD CTL Pte. Ltd. has not commenced its operations as on March 31, 2020.

Further, as per provisions of section 129(3) of the Companies Act, 2013, a statement containing the salient features of financial statement of our subsidiaries i.e., a report on the financial performance and financial position of each of the Subsidiaries included in the Consolidated Financial Statements is provided in the prescribed format AOC-1 appended as **Annexure - 1** to the Board's Report and forms part of this Annual Report.

TRANSFER TO RESERVES

The Board of Directors did not propose to transfer any amount to reserves for the period under review.

DIVIDEND

Keeping in view the expected cash flow requirements and in order to conserve the resources for future business operations and for the future growth of the Company, the Board of Directors were not able to recommend any dividend for the financial year ended 31st March, 2020.

CAPITAL STRUCTURE

During the year, the authorized share capital and paid up capital of the Company remained unchanged at Rupees 300,000,000/- divided into 300,000,000 equity shares of Rupees 10/- each & Rupees 196,310,150/- divided into 196,310,15 equity shares of Rupees 10/- each respectively.

Fund raising/Issue of Convertible Share Warrants

Pursuant to approval of the members of the Company obtained through Postal Ballot on December 26, 2019, the Board of Directors of the Company on January 09, 2020 has allotted 33,60,000 Convertible Share Warrants ("Warrants") at an issue price of Rupees 31/- on preferential basis to Worldwide Technology Investments Pte.