

Predictability in your IT

Technology
Upgrades

Applications
to
Enterprise

Cloud
Applications

Cloud
Migrations

Mobile

Big Data
Transformation

Annual Report

2014

BOARD OF DIRECTORS :

- | | | |
|----------------------|---|--|
| 1. Stefan Hetges | - | Director & Chief Executive Officer |
| 2. D R R Swaroop | - | Whole-time Director |
| 3. Venkat Motaparthy | - | Independent Director |
| 4. Anand Mallipudi | - | Independent Director (<i>Resigned w.e.f. 04-02-2014</i>) |
| 5. B. Muralidhar | - | Director (<i>w.e.f. 14-08-2014</i>) |

AUDIT COMMITTEE :

- | | | |
|----------------------|---|--|
| 1. Venkat Motaparthy | - | Chairman |
| 2. D R R Swaroop | - | Member |
| 3. Anand Mallipudi | - | Member (<i>Resigned w.e.f. 04-02-2014</i>) |
| 4. B. Muralidhar | - | Director (<i>w.e.f. 14-08-2014</i>) |

BANKERS

Axis Bank Limited

STATUTORY AUDITORS :

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

CFO & COMPANY SECRETARY :

V Ramana Reddy

REGISTERED & CORPORATE OFFICE :

Plot No. 04-03, Level 4, Block 1
Cyber Pearl, Hitec City, Madhapur
Hyderabad - 500 081
Telangana State, India

REGISTRAR AND SHARE TRANSFER AGENTS :

Aarathi Consultants Private Ltd.,
1-2-285, Domalguda, Hyderabad - 500 029
Andhra Pradesh, India
Tel : +91-40-27638111,
Fax : +91-40-27632184
info@aarthiconsultants.com

15th ANNUAL GENERAL MEETING

Day : Monday
Date : 29th December, 2014
Time : 10.30 a.m.
Venue : Ruby Hall, 5th floor, Hotel Pearl
Inn, Plot No. 15to18,
Lumbini Layout, Gachibowli,
Hyderabad - 500 032
Telangana State, India

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NOTICE

NOTICE is hereby given that 15th Annual General Meeting of the Cambridge Technology Enterprises Limited will be held on Monday the 29th day of December, 2014 at "Ruby Hall", 5th floor, Hotel Pearl Inn, Plot #15 to 18, Lumbini Layout, Gachibowli, Hyderabad - 500032, Telangana State at 10.30 a.m. to transact the following business:-

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2014 and the Statement of Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors' thereon.
2. To appoint in the place of Mr. Stefan Hetges (DIN: 03339784) 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 who shall hold office from the conclusion of this AGM for five consecutive years until conclusion of the 20th Annual General Meeting and to fix their remuneration and to pass the following resolution:

"RESOLVED THAT pursuant to the provisions of sections 139,142 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder and pursuant to the recommendations of the Audit Committee of the Board, M/s. P Murali & Co., Chartered Accountants, Hyderabad (Firm's Regn. No. 0072575), be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this AGM, for five consecutive years until the conclusion of the 20th AGM of the company, subject to ratification of appointment by the members at every AGM held after this AGM, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses and such remuneration may be paid on progressive billing basis to be agreed upon between the Auditors and Board of Directors".

Special Business:

Appointment of Mr Venkat Motaparthi as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152 and any other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder, read with Schedule IV of the Act, (including any statutory modification or re-enactment thereof, for the time being in force), Mr. Venkat Motaparthi (DIN: 01001056), Director of the Company who is liable to retirement by rotation (under the erstwhile Companies Act, 1956) and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Venkat Motaparthi as a candidate for the office of the Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 31st March, 2019, and shall not be liable to retire by rotation".

5. Appointment of Mr B Muralidhar as an Independent Director

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

"RESOLVED THAT B. Muralidhar (DIN:003852085), who was appointed as an Additional Director of the Company by the Board of Directors on 14th August, 2014 and who holds office upto the date of this Annual General Meeting pursuant to section 161 of the Companies Act, 2013 and in respect of whom the Company has, under section 160 of the said Act, received notice in writing proposing his candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 31st March, 2019 pursuant to the provision of Section 149, 150 and 152 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder, read with Schedule IV of the Act (including any statutory modification or re-enactment thereof, for the time being in force) and shall not be liable to retire by rotation".

6. **Appointment of Mr. Dharani Raghurama Swaroop as Whole-time Director**

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment thereto or re-enactment thereof for the time being in force) and subject to such other approval/permissions, if any as may be required and as per the recommendation of the Nomination & Remuneration Committee of Directors, approval of the members be and is hereby accorded to the appointment of Mr. Dharani Raghurama Swaroop (DIN: 00453250) as Whole-time Director for a period of 5 (five) years commencing from 1st March, 2014 on the following terms and conditions.

I. Remuneration:

- a. Salary: Rs. 1,66,667/- per month which can be raised up to 30% per annum by the Board.
- b. Reimbursement of medical expenses incurred for self and his family subject to a ceiling of one month's salary per year.
- c. Coverage under the company's Health insurance scheme (Medi-claim) for self and his family giving a combined coverage up to Rs 5 Lakhs.
- d. Personal Accident Policy as permissible as per the Rules of the company.
- e. Reimbursement of entertainment expenses actually incurred for the business of the Company.
- f. Reimbursement of Rs.5000/- per month towards petrol expenses.

II. Perquisites

- a. Payment of Gratuity as per Rules of the Company.
- b. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- c. Earned / privilege leave not exceeding one month's leave for every 11 months of service.
- d. Leave Travel Concession for self and family once in a year incurred, subject to a ceiling of one month's salary.
- e. All expenses relating to telephone, mobile bills, travelling expenses and other expenses incurred for the purpose of business of the company shall be reimbursed by the Company on actual.

“RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profits for any financial year, the aforesaid remuneration payable to Mr. Dharani Raghurama Swaroop, Whole-time Director, shall be the minimum remuneration payable to him in terms of the provisions of Section II of Schedule V to the Companies Act, 2013.

“RESOLVED FURTHER THAT none of the Directors is interested or concerned in the resolution except Mr. Dharani Raghurama Swaroop, Whole time Director”.

For and on behalf of the Board

Place: Hyderabad
Date: 22nd November, 2014

VRamana Reddy
CFO & Company Secretary

Notes:

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.

2. *A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.*

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

3. The Register of Members and Share Transfer books shall remain closed from Wednesday the 24th day of December, 2014 to Monday the 29th day of December, 2014 (both days inclusive).

4. The members holding shares in the dematerialized mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name etc., to their Depository Participant (DP). These changes will be automatically reflected in the Company's records which will help the Company to provide efficient and better service to the members.

5. Members desiring to seek any information/clarifications on the annual accounts are requested to write to the Company at least 7 (Seven) days before the date of AGM to enable the management to compile and keep the information ready.

6. Corporate members intending to send their Authorized Representatives to attend the meeting are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the meeting.

7. Members/proxies are requested to bring their copies of Annual Reports to the meeting. Copies of Annual Reports will not be provided at the meeting.

8. Physical Share Transfers – PAN Copy:

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

9. **E-Voting**

In compliance with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014 and Clause 35B of the Listing Agreement, Cambridge Technology Enterprises Limited ("the Company") is pleased to provide to shareholders the facility to exercise their right to vote at the AGM by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited ("CDSL"). Members may exercise their vote at any general meeting by electronic means and the company may adopt any resolution by way of the electronic voting system.

Process for e-voting:

The Company has arrangements with CDSL for facilitating e-voting to enable the shareholders to cast their vote electronically.

(a) Instructions for e-voting

- a) The voting period begins at 9.30 a.m. on **24th December, 2014** and ends at 5.30 p.m. on **25th December, 2014**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form as on the cut-off date i.e. **21st November, 2014**, may cast their vote electronically. The e-Voting module shall be disabled by CDSL for voting thereafter.
- b) The shareholders should log on to the e-voting website www.evotingindia.com.
- c) Click on "Shareholders" tab.

- d) Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”.
- e) Now enter your User ID

For Members holding shares in Demat Form	For Members holding shares in Physical Form
For CDSL: 16 digits beneficiary ID For NSDL: 8 Character DP ID followed by 8 Digit Client ID	Folio Number registered with the Company

- f) Next enter the Image Verification as displayed and Click on Login.
- g) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- h) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) · Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. · In case the sequence number is less than 8 digits enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your Demat Account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend BankDetails	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the Member Client ID/Folio number in the Dividend Bank details field.

Note:

*Members who have not updated the PAN details with the Company/Depository Participant are requested to use the “Sequence Number” provided in the address label being pasted on AGM booklet in the PAN details field.

#Members who have not updated their DOB or Dividend Bank Details with the Company / Depository Participant are requested to use the User ID, (For CDSL 16 digit beneficiary ID, NSDL 8 digit DPID followed by 8 digit client ID and for shares held in physical mode folio number registered with the company) in the Dividend Bank details field.

- i) After entering these details appropriately, click on “SUBMIT” tab.
- j) Members holding shares in Physical form will then reach directly to the voting screen.
- k) However, members holding shares in Demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- l) For Members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- m) Click on the relevant EVSN of “**Cambridge Technology Enterprises Limited**” on which you choose to vote.
- n) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option ‘YES/NO’ for voting. Enter the number of shares (which represents number of votes) under YES/NO. The option YES implies that you assent to the Resolution and option No implies that you dissent to the Resolution.
- o) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolutions of Notice of the Annual General Meeting.
- p) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- q) Once you ‘CONFIRM’ your vote on the resolution, you will not be allowed to modify your vote.
- r) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- s) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- t) Note for Non-Individual Shareholders & Custodians:
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity should e-mailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user using the admin login and password. The compliance user would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- u) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com
- v) Since the Company is required to provide facility to the members to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form and not casting their vote electronically, may cast their vote at the Annual General Meeting.
- w) The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairperson of the Company.
- x) The results shall be declared on or after the Annual General Meeting of the Company. The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.ctepl.com and on the website of CDSL within two (2) days of passing of the resolutions at the Annual General Meeting of the Company on **29th December, 2014** and communicated to the National Stock Exchange of India Limited and BSE Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Mr, Venkat Motaparthy is an Independent Director of the Company (appointed pursuant to Clause 49 of the Listing Agreement), who was liable to retire by rotation under the applicable provisions of the erstwhile Companies Act, 1956.

According to the provisions of Section 149 of the Companies Act, 2013 every listed company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation. In compliance with the provision of the said section read with Schedule IV of the Act, it is now proposed to appoint the above named director as Independent Director under the Companies Act, 2013.

Mr. Venkat Motaparthy had given a declaration to the Board that he meets the criteria of independence as provided in Section 149(6) of the Act, Pursuant to the declaration of independence, the present composition of the Board of Directors is in conformity with the provisions of Section 149 of the Companies Act, 2013. The Company has also received from the above director viz., the consent in writing to act as a director and intimation that he is not disqualified under section 164(2) of the Companies Act, 2013.

Mr. Venkat Motaparthy, Independent director is experienced in the field of finance, taxation and governance. He takes active part at the Board and Committee meetings and play critical role on strategic issues, which enhances the transparency and add value in the decision making process of the Board of Directors. The Board considers that the continued services of the above director would be of immense benefit to the company and it is desirable to avail his services.

Appointment of Mr. Venkat Motaparthy is recommended by the Board and is now placed before the members for their approval.

A copy of the draft letter for the appointment of the above director as Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered office of the Company during normal business hours on any working day and the same has also been put up on the company website www.ctepl.com

Other details of the Independent Director whose appointment is proposed at item no.4 of the accompanying Notice, have been given in the annexure attached.

Mr. Venkat Motaparthy is deemed to be concerned or interested in the resolution relating to his own appointment and does not hold any equity shares of the company.

None of the other directors, key managerial personnel and relatives thereof are concerned or interested in the resolution no.4

Item No.5

Mr, B Muralidhar, Independent Director of the Company (appointed pursuant to Clause 49 of the Listing Agreement). According to the provisions of Section 149 of the Companies Act, 2013 every listed company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation. In compliance with the provision of the said section read with Schedule IV of the Act, it is now proposed to appoint the above named director as Independent Director under the Companies Act, 2013.

Mr. B Muralidhar had given a declaration to the Board that he meets the criteria of independence as provided in Section 149(6) of the Act, pursuant to the declaration of independence, the present composition of the Board of Directors is in conformity with the provisions of Section 149 of the Companies Act, 2013. The Company has also received from the above director consent in writing to act as a director and intimation that he is not disqualified under section 164(2) of the Companies Act, 2013.

Mr. B Muralidhar, Independent director is experienced in the field of finance, taxation and governance. He takes active part at the Board and Committee meetings and play critical role on strategic issues, which enhances the transparency and add value in the decision making process of the Board of Directors. The Board considers that the continued services of the above director would be of immense benefit to the company and it is desirable to avail his services.

The Company has received notices in writing pursuant to Section 160 of the Companies Act, 2013 from the member along with a deposit of Rs. 1,00,000/- proposing the candidature of Mr. BMuralidhar for the office of Independent Director.

Appointment of Mr. B Muralidhar is recommended by the Board and is now placed before the members for their approval.

A copy of the draft letter for the appointment of the above director as Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered office of the Company during normal business hours on any working day and the same has also been put up on the company website www.ctepl.com

Other details of the Independent Director whose appointment is proposed at item no.5 of the accompanying Notice, have been given in the annexure attached.

Mr. B Muralidhar is deemed to be concerned or interested in the resolution relating to his own appointment and he holds 288 equity shares of the company.

None of the other directors, key managerial personnel and relatives thereof are concerned or interested in the resolution no.5.

Item No. 6

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee – formerly compensation committee. Mr. Dharani Raghurama Swaroop was re-appointed as Whole-time director w.e.f. 1st March, 2014 for a further period of five years at the meeting of the Board of Directors held on 30th May 2014.

Mr. Dharani Raghurama Swaroop is responsible for the day to day operations and overseeing key corporate functions.

The Board of directors recommend passing of the Ordinary Resolution at item no.6.

The copy of his appointment order as Whole-time director is available for inspection at the Registered office of the company during business hours on all working days.

Except, Mr. Dharani Raghurama Swaroop, none of the other Directors, Key Managerial Personnel or their relatives are interested or concerned in the resolution relating to his appointment.

By Order of the Board
For Cambridge Technology Enterprises Ltd

V Ramana Reddy
CFO & Company Secretary

Date: 22nd November, 2014
Place: Hyderabad

**Details of Directors seeking appointment/re-appointment
(in pursuance of Clause 49 of the Listing Agreement)**

Director	Stefan Hetges	Venkat Motaparthi	B Muralidhar	Dharani Raghurama Swaroop
Date of Birth	19 th July, 1963	24 th November, 1961	20 th February, 1962	9 th April, 1959
Date of Appointment	15 th November, 2010	13 th February, 2012	14 th August, 2014	28 th January, 1999
Qualifications	Masters in Computers from University of Constance, Germany	Graduate in Pharmacy with Post Graduate in Management	MBA from Birla Institute of Technology and Science (BITS) Ranchi	M.Tech, Jawaharlal Nehru Technological University, Hyderabad,A.P.
Expertise in specific functional areas	Working on the turnaround of the companies, raising financing, revamping company offerings.	Finance and Infrastructure development/setting up of Companies in the field of Telecom & Transmission Towers, Industrial Fasteners and Industrial Chemical equipment.	Finance and Taxation	Rich experience in the field IT Services and Corporate Strategic Planning
Directorships held in other companies (excluding foreign companies)	Nil	Aikia Solution Pvt Ltd	DS Unics Infotech Pvt Ltd Triton Aqua Tech Pvt Ltd Credosys Technologies Pvt Ltd	DS Unics Infotech Pvt Ltd
Memberships/ Chairmanship of committees of other companies (includes only Audit committee and Stake holders Relationship Committee)	Nil	Nil	Nil	Nil
Number of shares held in the company	Nil	Nil	288 equity shares	1,80,723 equity shares

Directors' Report

Dear Shareholders,

We are happy to present on behalf of the Board of Directors, the 15th Directors' Report along with the Balance Sheet, and Profit and Loss Account for the year ended 31st March, 2014.

Financial Performance

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

(Rs.in millions)

S.No.	Particulars	Consolidated Results		Stand Alone Results	
		FY 2014	FY 2013	FY 2014	FY 2013
1	Revenue from operations	251.72	904.76	202.15	217.98
2	Expenses	(176.05)	(1,059.91)	(176.05)	(427.03)
3	Depreciation & Amortization	(7.12)	(10.36)	(6.87)	(4.76)
4	Profit from operations before interest, other income and exceptional items	13.01	(166.39)	19.23	(213.81)
5	Finance Charges	-	(23.79)	0.00	(1.41)
6	Other Income	6.04	122.89	6.51	14.95
7	Impairment of intangible assets	-	-	-	-
8	Impairment of goodwill	-	-	-	-
9	Prior period expenses	(0.16)	(10.54)	(16.74)	(10.54)
10	Change in carrying value of investments	-	-	-	(272.90)
11	Profit from Ordinary Activities Before Tax	18.88	(76.94)	25.57	(483.71)
12	Extra-ordinary item	-	(52.30)	-	-
13	Tax Expense	(7.81)	(6.16)	(7.65)	(2.91)
14	Net Profit	11.07	(135.40)	17.92	(486.62)
15	Profit & Loss Account Balance Brought Forward	(174.33)	(38.93)	(307.66)	178.95
16	Amount Available for Appropriation	(163.26)	(174.33)	(289.74)	(307.66)

Financial Results for FY 2013-14

CTEL has achieved a turnover of Rs. 202.15 Mn for the year ended 31st March, 2014, as against a turnover of Rs. 217.98 Mn in the previous year. The Company posted an operating profit of Rs. 19.23 Mn for the year under review, whereas there was a loss of Rs. 213.81 Mn in the year ending 31st March, 2013. Net profit for the year ended 31st March, 2014 was Rs.17.92 Mn, and there was a loss of Rs.486.62. Mn, for the year ended 31st March, 2013. Detailed analysis of 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, 2014.

Management Discussion and Analysis Report

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

Subsidiary Companies

The Honorable High Court of Karnataka had approved for merger between the company and Cambridge Technology India Private Limited (formerly Q-soft Systems & Solutions Private Limited), Bangalore, vide order no. 140 dated 7th August, 2014. The merger is effective 1st April, 2012.

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

The members may note that statement under Section 212 of the Companies Act, 1956 and information on the financials of subsidiaries is not applicable since the wholly owned subsidiary M/s. Cambridge Technology India Private Limited has been merged with company effective 1st April, 2012. And the company does not have any subsidiaries warranting to give information u/s 212 of the Companies Act, 1956.

Internal Control Systems

Your company has necessary Internal Control Systems in place. Internal Audits are regularly conducted through an external Audit Firm. The reports are periodically discussed internally. Significant audit observations are also placed before the meeting of the Audit Committee and corrective measures are taken by the company.

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.

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.

Employee Stock Option Scheme

The details of employee stock option as on 31st March, 2014 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.

Directors

Mr. Stefan Hetges, retires by rotation and being eligible, offers himself for re-appointment as Director pursuant to Section 152 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014. A brief profile of Mr. Stefan Hetges, retiring director is given in the Corporate Governance section of this Annual Report.

Mr. Venkat Motaparthy, is Director on the Board of the company w.e.f 13th February, 2012. He is proposed to be appointed by shareholders as an independent director pursuant to Section 150 of the Companies Act, 2013.

A brief profile of Mr. Venkat Motaparthy, director is given in the Corporate Governance section of this Annual Report.

Mr. B Muralidhar, has been appointed as Additional Director on the Board of the company w.e.f 14th August, 2014 in terms of Section 149, and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014. A brief profile of Mr. B Muralidhar, director is given in the Corporate Governance section of this Annual Report. He is proposed to be appointed by shareholders as an independent director pursuant to Section 150 of the Companies Act, 2013.

The company has received the requisite notice under Section 160 of the Companies Act, 2013 from members proposing their names of Mr. B Muralidhar and Mr. Venkat Motaparthy for being appointed as Independent directors of the Company.

The Company has received declarations from above mentioned Independent directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

Appropriate resolutions for the appointment/re-appointment of Directors are being placed for your approval at the ensuing Annual General Meeting.

Your Directors recommend the appointment/re-appointment of the aforesaid Directors by the Members at the ensuing Annual General Meeting.

During the year under review Mr. Anand Mullapudi, Director had resigned w.e.f. 4th February, 2014. The Board of Directors places on record its appreciation for the services rendered by him during his tenure as Director.

Appointment of Key Managerial Personnel

In accordance with the provisions of Section 203 of Companies Act, 2013 the Board of Directors had appointed Mr. Stefan Hetges, Director & CEO as Key Managerial Personnel on 14/11/2014 and Mr. V Ramana Reddy, Chief Financial Officer and Company Secretary w.e.f. 14th August, 2014 respectively.

Auditors

M/s. P Murali & Co., Chartered Accountants, Hyderabad statutory auditors of the company retire at the ensuing Annual General Meeting.

Pursuant to the provisions of the Section 139 of the Companies Act, 2013 and Rules framed thereunder, it is proposed to appoint M/s. P Murali & Co. (ICAI Regn. No. 007257S) as statutory auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the 20th AGM to be held in the year 2019, subject to ratification of their appointment at every AGM. M/s. P Murali & Co. Chartered Accountants have furnished the Certificate of their eligibility for appointment in compliance with Section 141 of the Companies Act, 2013. The Board recommends their appointment.

Listing

Your Company's shares are listed with Bombay Stock Exchange and National Stock Exchange, Mumbai. The listing fee have been paid for the financial year 2014-2015.

Corporate Governance Report

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

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.

Directors' Responsibility Statement

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

- i. that In preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2013-14 and of the profit of the Company for that period;
- iii. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. We have prepared the annual accounts on an on-going concern basis.

Acknowledgement

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

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

For Cambridge Technology Enterprises Limited

D.R.R. Swaroop
Whole-time Director

Venkat Motaparthy
Independent Director

Place: Hyderabad

Date: 22/11/2014

Annexure to the Director's Report

Annexure - 1

Pursuant to the provisions of Guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, as amended, the details of stock options as on March 31, 2014 under CTEL Employee Stock Option Scheme 2006 and CTEL Employee Stock Option Scheme 2008 and CTEL ESOP Scheme 2011 are as under:

Summary of status of ESOPs granted:

S.No.	Particulars	CTEL Employee Stock Option Scheme - 2006	CTEL Employee Stock Option Scheme - 2008	CTEL ESOP Scheme 2011
1	Approved options	1,500,000	1,500,000	1,045,000
2	Options Granted	1,236,542	1,500,000	644,000
3	Options vested	95,538	69,620	70,700
4	Options unvested	Nil	Nil	12,300
5	Options exercised	20,954	1,025,015	Nil
6	Options lapsed	1,120,050	405,365	561,000
7	Total number of options in force	95,538	69,620	83,000
8	Variation in terms of ESOP	Clause for recovery of FBT from employees incorporated	Not Applicable	Not Applicable
9	Total number of shares arising as a result of exercise of options the ESOP Trust)	Nil (exercised shares issued from from the ESOP Trust)	Nil (exercised shares issued)	Not Applicable
10	Money realized by exercise of options (Rs)	Nil	Nil	Nil
11	Diluted EPS pursuant to issue of shares on exercise of option calculated in accordance with AS 20	Not Applicable	Not Applicable	Not Applicable
12	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 %Market Price		
	v. The price of the underlying share in market at the time of option grant.			

- A. Employee - wise details of options granted to:
- Senior managerial personnel - **Not Applicable**
 - Any other employee who received a grant in any one year of options amounting to 5% or more options granted during the year - **Not Applicable**
 - Identified employees who were granted options during any one year equal to or exceeding 1% of issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant - **Not Applicable**
- B. Weighted average exercise price fair value of options granted during the year whose:
- Exercise price equals market price Yes
 - Exercise price is greater than market price Nil
 - 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 2013-14 would be Rs. 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:

- Conservation of Energy:
Software Industry is not power intensive. However, your company is working towards being environment friendly and has taken adequate measures to conserve energy, wherever possible.
- Technology Absorption:
Provision of state of the art communication facilities to all software development centers and total technology solutions to its clients contribute to technology absorption and innovation.
- Foreign Exchange Earnings and Outgo:

(Rs. in millions)

Particulars	2013-14	2012-13
Foreign Exchange Earnings	177.66	195.94
Foreign Exchange Outgo	Nil	21.75

For Cambridge Technology Enterprises Limited

D.R.R. Swaroop
Whole-time DirectorVenkat Motaparthy
Independent DirectorPlace: Hyderabad
Date: 22/11/2014

Management Discussion and Analysis Report

Application Development and Maintenance (ADM)

Over the last few years, global organizations are focused on managing the IT operational budgets more effectively by outsourcing IT projects. ADM is the most widely outsourced IT services area. Organizations across the world are gaining through effective enterprise application development, deployment, integration and maintenance. One of the drivers of offshoring ADM is to reduce IT operational costs, hence, focus is on partnering with service organizations adopting best practices and standards in global delivery model. Apart from the existing growth areas, cloud, SAAS, analytics and mobile will be additional drivers.

One theme that is highly dependent on services is Big Data Analytics and their representation in a mobile world. Big Data is often described with a collection of V's—Volume, Velocity, Variety, as well as other suggested V-words such as Value and Variability. Big data is fundamentally about solving business problems whose resource requirements (for data management space, computation resources, or immediate, in-memory representation needs) exceed the capabilities of traditional computing environments as currently configured within the enterprise. This requires heavy adaptation of existing applications. In addition new data sources need to be integrated in the enterprise landscape. Ideally the data are structured, produced by the "Internet of Things" like GPS data, sensors and other machine produced data. But just a valuable for enterprises are unstructured data like information from social media (Twitter, Facebook, etc.) to recognize market trends early and be able to adjust.

Enabling business process owners to take advantage of analytics in many new and innovative ways has always appeared to be out of reach for most companies. Missing analytical and technology skills especially in the mid-size market present a huge opportunity of established off-shore integration companies. What makes the big data concept so engaging is that emerging technologies enable a broad-scale analytics capability with a relatively low barrier to entry. Facets of technology for business intelligence and analytics have evolved to a point at which a wide spectrum of businesses can deploy capabilities that in the past were limited to the largest firms with equally large budgets. Consider these four aspects:

- **Application development:** A simplified application execution model encompassing a distributed file system, application programming model, distributed database, and program scheduling is packaged within technologies like Hadoop, an open source framework for reliable, scalable, distributed and parallel computing.
- **Commoditized platform:** Innovative methods of creating scalable and yet elastic virtualized platforms take advantage of clusters of commodity hardware components (either cycle harvesting from local resources or through cloud-based utility computing services) coupled with open source tools and technology.
- **Big data management:** Alternate models for data management (often referred to as NoSQL, or "Not Only SQL") provide a variety of methods for managing information to best suit specific business process needs, such as in-memory data management (for rapid access), columnar layouts to speed query response, and graph databases (for social network analytics).
- **Utility Computing using the Cloud paradigm:** The ability to deploy systems on virtualized platforms allows small and medium businesses to utilize cloud-based environments with all the benefits that come with it (Opex vs Capex, Resources on demand, etc.).

The business drivers but mostly the economics behind it make big data analytics attractive to all types of organizations, while the market conditions make it practical. This is not to say that implementing these technologies and business processes is a completely straightforward task. There is a steep learning curve for organizations in developing big data applications or adapting existing applications, especially when going the open source route with all the economic benefits. It still demands an investment in time and resources to ensure the big data analytics and computing platform is ready for production.

Application development. CTE over a period of time has become the preferred partner to many of the clients. This is mainly achieved because of our dedicated personnel deployed on the projects and our understanding of the client's requirements and deliver on time – on budget – with no compromise on quality. CTE is able to adhere

to the highest quality standards of the industry because of our strict adherence to the policies and methodologies, our CMMI level 5 certification proves this. And in our endeavor to delight the client, we are progressing towards a one-stop destination for clients for all their requirements – providing solutions from end to end from development to deployment to migrating to cloud to maintenance to integration.

Application Maintenance. Application Maintenance/Management activities revolve around the management and ownership of enterprise applications and IT capabilities. Most of these activities include application maintenance and support engagements including application performance management, monitoring service level management and incident/problem management. This type of engagement typically involves transfer of people/processes to the service provider. A typical application management project involves application maintenance, consulting and integration services.

Application Integration. Offshoring of ADM services is undergoing a transformational phase compared to few years ago, where IT service provider concentrated on low end application development, maintenance and support services. As IT service providers have grown up the value chain adopting globally accepted best practices and standards in service delivery and execution, global customers are outsourcing complex ADM, system integration, custom application development and IT consulting services.

Accordingly, CTE is focusing on application modernization, migration, development and application integration activities with new technology platforms based on cloud and mobility solutions. Clients are delivering their products/services to end customers through multi-delivery platforms (web, mobile devices such as smartphones, tablets, netbooks etc.). Hence, new technology themes such as cloud, mobile and collaboration technologies are having a significant impact in ADM (applications getting more mobile-enabled, thereby bringing in complex mobile application development, application modernization and integration activities). As mobile device usage grows at phenomenal levels globally, it is anticipated that mobile application development will surpass application development activities on traditional platforms. The increasing demand for access to services and wireless internet connections on the move will push for the development of new solutions to meet this growing demand.

CTE will continue to strengthen itself in the areas of ADM that includes cloud transformation, adding newer technologies like mobile and Big data will be the focus areas going forward. Sufficient investments will go into this in the next few years. While we have our existing clients for improving our foothold in new tech areas, CTE will invest in sales force to acquire new clients.

Infrastructure Management Services (IMS). Now that many customers are already enjoying savings from offshore application development and maintenance (ADM), organizations are seeking new opportunities to employ offshore resources elsewhere. One particularly promising opportunity is offshore infrastructure management. It is estimated that 40-60 percent of the overall Infrastructure Management Service pie may be efficiently delivered through a global delivery model. This translates to a market potential (for offshore infrastructure management) of approximately USD 55 billion. Help desk management, configuration management, and application packaging and migration services are some of the infrastructure-based activities already being delivered from an offshore location, and they will serve as platforms into broader outsourcing deals.

At home

CTE with a small presence in domestic market would like to make it big this time. We already have a strong presence in the area of IMS. Storage and retail-focused solutions are seen as immediate opportunities in the domestic market; enterprise application is expected to present the largest. The domestic market is growing rapidly, especially in the automotive sector and also with respect to high-end, multiple-product variants.

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. 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

(Rs.in millions)

Particulars	31 st March, 2014	31 st March, 2013
Shareholder's Funds		
(a) Share Capital	196.31	196.31
(b) Reserves and Surplus	62.46	51.38
Long term provisions	9.18	8.16
Deferred Tax Liabilities (Net)	1.80	.49
TOTAL	269.75	256.34
Consolidated Goodwill	122.14	122.14
Fixed Assets	8.30	9.97
Deferred tax asset	-	-
Long term Loans & Advances	24.55	26.91
Current Assets, Loans and Advances		
(a) Current Investment	-	-
(b) Inventories	-	-
(c) Sundry Debtors	109.62	94.89
(d) Cash and Bank Balances	16.31	29.20
(e) Short term Loans and Advances	2.36	1.65
(f) Other current assets	36.27	28.71
Less: Current Liabilities and Provisions		
(a) Current Liabilities	(26.43)	(28.70)
(b) Provisions	(23.37)	(28.43)
TOTAL	269.75	256.34

a. Paid up share capital

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

b. Reserves and Surplus

Reserves and Surplus have increased from Rs.51.38 in FY 2012-13 to Rs.62.46Mn in FY 2013-14. The consolidated profit for the year amounts to Rs.11.07Mn FY 2013-14 as against a loss of Rs.135.40 Mn for FY 2012-13.

c. Goodwill

The current balance of goodwill pertains to its investment in CTIPL. The balance of goodwill as of 31st March, 2014 stands at Rs122.14 Mn.

d. Fixed Assets

Net fixed assets have gone down from Rs.9.97 in FY 2012-13 to Rs.8.30Mn in the current financial year under review, a decrease of Rs.1.66Mn. Significant transactions in fixed assets are as below:

- 1) Tangible Assets: Addition to computers and software of Rs.5.68Mn. Additions to other assets is not significant. Depreciation for the period amounted to Rs.7.12Mn.
- 2) Intangible Assets: The Company does not own any intangible assets as of 31st March, 2014.

e. Debtors

Receivables exceeding more than 6 months have increased from Rs.0.59Mn in FY 2012-13 to Rs.1.75Mn. Remaining debtors are also considered good and realizable. Debtors of less than 6 months old have gone up from Rs.94.30Mn in FY 2012-13 to Rs.107.88 Mn in FY 2013-14.

f. Loans & Advances

Aggregate of Long and Short term loans and advances have gone down by Rs.1.65Mn from Rs.28.56Mn in FY 2012-13, to Rs.26.91Mn during the current year under review.

g. Current Liabilities

Current Liabilities have gone down from Rs.57.13Mn from FY 2012-13 to Rs.49.80Mn as on 31st March, 2014.

Review of Consolidated Profit & Loss Account

(Rs. in millions)

Particulars	31 st March, 2014	31 st March, 2013
Income from Operations	251.72	904.76
Profit/(loss) from Operations before other income, interest, and exceptional items	19.05	(66.40)
Other Income	6.04	122.89
Interest and finance charges		22.90
Exceptional items	0.16	10.54
Profit before tax	18.88	(76.94)
Tax Expense	7.80	6.16
Net Profit/(loss) for the year	11.08	(135.40)

Note: Since the corporate structure has changed in March 2013, all figures are not comparable. The Consolidated P&L figures for FY 2013 include the revenues and expenses of former subsidiaries until the date of sale of investment.

a. Income from Operations

Operating revenue has decreased from Rs.904.76 Mn in FY 2012-13 to Rs.251.72 Mn in FY 2013-14. The substantial decrease is due to the fact that the company has sold its investments in subsidiaries in March 2013.

b. Expenditure

i. Employee Cost

Employee cost including salaries, bonus, and other staff welfare expenses have gone down from Rs.445.64Mn in FY 2012-13 to Rs.163.98Mn during the current financial year.

ii. Contract Employee Cost

There was also a reduction in contract employee cost from Rs. 102.75Mn in FY 2012-13 to Rs.4.32Mn in FY 2013-14, i.e., a reduction of 96%.

iii. General and Administrative Expenses

General and administrative expenses have gone down by 74.42 %, from Rs.238.19Mn in the previous year to Rs.60.92 Mn in the current year. As mentioned above, the decrease is due to the fact that consolidation numbers for the current year do not include the figures for former subsidiaries which were included last year.

c. Depreciation

There was a reduction in depreciation expenses from Rs. 10.36Mnto Rs. 7.12Mnin the current financial year.

d. Other Income

Other income has decreased Rs.122.89Mn in 2013-14 to Rs.6.04 Mn in the current period under review. In FY 2012-13 there was a sale of land and building owned by subsidiary company, CTIPL at Bangalore. The profit on sale of land and building was Rs. 73.36 Mn.

e. Interest and Finance charges

Finance costs haveremained nil compared to Rs.22.90 Mn in FY 2012-13. The company does not have any exposure to external borrowings which has resulted in Nil interest in the current year.

f. Profit After Tax

The bottom line has increased from a loss of Rs.135.40Mn in FY 2012-13 to a profit of Rs.11.08 Mn during the current year. Management is putting much emphasis on improving the profitability of the Company along with increased business.

Review of Standalone Balance Sheet

(Rs. in millions)

Particulars	31 st March, 2014	31 st March, 2013
Shareholder's Funds		
(a) Share Capital	196.31	196.31
(b) Reserves and Surplus	(42.17)	(60.08)
Long term provisions	6.58	5.24
Deferred Tax Liabilities	5.73	4.58
TOTAL	166.46	146.05
Fixed Assets	7.20	8.32
Noncurrent investments	135.49	135.49
Current Assets, Loans and Advances		
(a) Current Investment	-	-
(b) Sundry Debtors	101.26	72.39
(c) Cash and Bank Balances	14.40	23.19
(d) Loans and Advances	26.29	25.65
(e) Other current assets	12.38	11.24
Less: Current Liabilities and Provisions		
(a) Current Liabilities	(111.15)	(109.64)
(b) Provisions	(19.40)	(20.59)
TOTAL	166.46	146.05

a. Paid up share capital

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

b. Reserves and Surplus

Reserves and Surplus has increased by Rs.17.92Mn in FY 2013-14 to a negative Rs.60.08 Mn. The increase in the reserves and surplus is the net profit for the year of Rs.17.92Mn the Company made at stand-alone level. There was no change in the capital structure of the Company affecting reserves & surplus.

c. Secured Loan Funds (Short term borrowings)

Secured short term loan funds i.e., cash credit facility for working capital purposes has been closed in FY 2012-13. Other current liabilities which are unsecured have marginally increased by Rs.3.43Mn from Rs.102.88Mn in the previous year to Rs.106.31Mn in the current year.

d. Trade payables

Trade payables have decreased to Rs.4.85Mn in FY 2013-14 from Rs.6.76Mn in FY-2012-13 that is an increase of Rs.1.91Mn. The entire decrease is for payables outstanding for less than 6 months.

e. Short term provisions

Short term provisions have dropped by Rs.1.19Mn from Rs.20.59Mn in the financial year 2012-13 as against Rs.19.40Mn in the current year. Included in the Rs.19.40Mn of current year provisions are provision for employee benefits of Rs.7.95Mn, provision for income tax of Rs.5.8 Mn, provision for statutory dues of Rs.1.85Mn, and others of Rs.3.81Mn.

f. Fixed Assets

Gross fixed assets have gone up marginally by Rs.0.52Mn to Rs.52.41Mn, whereas net fixed assets have decreased from Rs. 10.68Mn in FY 2012-13 to Rs.8.31Mn for the period ended 31st March, 2014.

g. Investments

The Company has sold its investment in smartShiftgroup Limited (SSG) (earlier Cambridge technology Enterprises – Mauritius Limited). The book value of investment of Rs.274.26 Mn has been completely written off and a loss of 272.90 Mn has been recognized in the FY 2012-13. The Company has had an investment in CTIPL to the value of Rs.135.49 Mn as of 31st March 2014. This investment has been wind up as the Company has in August, 2014 got an approval for the merger of its 100% subsidiary CTIPL with itself.

h. Debtors

All the trade receivables are outstanding for less than 6 months. During the year the receivables have increased from Rs.72.39Mn in FY 2012-13 to Rs.101.25Mn in FY 2013-14.

i. Loans & Advances

Short term loans and advances have increased to Rs.26.29Mn in the current year from Rs.25.65Mn in FY 2012-13.

Review of Standalone Profit & Loss Account

(Rs. in millions)

Particulars	31 st March, 2014	31 st March, 2013
Income from Operations	202.15	217.98
Profit/(loss) from Operations before other income, interest, and exceptional items	19.23	(488.12)
Other Income	6.5	14.95
Interest and finance charges		1.41
Exceptional items	0.16	10.54
Profit before tax	25.57	(483.71)
Tax Expense	7.65	2.91
Net Profit for the year	17.92	(486.62)

a. Income from Operations

Income from operations has come down by 7.26% to Rs.202.15Mn in the current period from Rs. 217.98Mn in the previous year. For this financial year, Company billed all the revenue to our sole foreign client smartShift Technologies Inc., (Formerly company Cambridge Technology Enterprises Inc.,) and there has been no revenue from outside customer. As part of cost optimization efforts, Company has been taking every effort to reduce costs and improve revenues.

b. Expenditure

i. Employee Cost

Employee costs have decreased by 16.21% for the year ended 31st March, 2014 which stood at Rs. 126.99 Mn as against Rs. 151.5615Mn a year ago. Every effort is being made to reduce employee costs under control.

ii. Sub-contracting fees

The sub-contracting fees has reduced substantially by 76.11 % from Rs.5.02Mn to Rs.1.20Mn in financial year under review. This is in continuation with Company's efforts to reduce dependency on sub-contractors and have delivery in house teams for new projects received.

iii. General and Administrative Expenses

General and administrative expenses have decreased by 19.04% during FY 2013-14, from that of previous financial year to Rs.49.05Mn. This is excluding the bad debts written off and Loss on sale of investments. Included under this head are power & fuel Rs.4.38Mn (Rs.4.18Mn), rent Rs.19.75Mn (Rs.12.31Mn), software license cost Rs.0.31Mn (Rs.1.43), consultancy charges Rs.3.23Mn (Rs. 10.51Mn), office maintenance Rs.4.77Mn (Rs.4.90Mn), and travelling Rs.5.21Mn (Rs. 11.038Mn).

c. Depreciation

There is an increase in depreciation from Rs.4.76Mn in FY 2012-13 to Rs.6.87Mn in FY 2013-14. As at end of March, 2014 the Company does not have any investment in intangibles.

d. Other Income

The other income during the FY 2013-14 was Rs.6.51Mn, whereas the same was Rs.14.94Mn in FY 2012-13. The reduction is majorly explained by decrease in exchange fluctuation gain of Rs.4.06Mn versus Rs.13.70Mn in the previous year. There also been a Misc income & bank interest of Rs.2.44Mn in the current year.

e. Investments

The Company has as at March 31st had only investment in CTIPL to the value of Rs.135.49 Mn. Since the merger of CTIPL with the company, the same has been wound up.

f. Profit After Tax

There has been an improvement in the bottom line from a loss of Rs.486.62Mn (profit of Rs.11.71 Mn without considering one-time items) during the previous year to a profit of 17.92 Mn in the current year.

Internal Control systems and their adequacy:

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

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

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

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

Our employees are our most important and valuable assets. As of 31st March, 2014, 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.

Certificate of Compliance

To

The Members of Cambridge Technology Enterprises Ltd

I have examined the Compliance of conditions of Corporate Governance by Cambridge Technology Enterprises Limited ("the Company"), for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange and the National Stock Exchange. The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

Place : Hyderabad
Date : 22/11/ 2014

B. Krishnaveni
Practising Company Secretary

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To Members of
Cambridge Technology Enterprises Limited

Report on the Consolidated Financial Statements:

We have audited the accompanying consolidated financial statements of Cambridge Technology Enterprises Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements:

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

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

The Company has a direct wholly owned subsidiary Cambridge Technology India Private Limited (formerly Q-soft Systems & Solutions Private Limited) having turnover & Assets of Rs.4,95,67,079/- and Rs.12,69,48,169/- respectively. We have not audited the Financials of subsidiary Companies & relied upon the audited Financials certified by another Auditor.

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

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion:

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

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Consolidated Statement of Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the cash Flows for the year ended on that date

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

PLACE : Hyderabad
DATE : 30-05-2014

P. Murali Mohana Rao
Partner
M.No. 023412

Consolidated Balance Sheet as at 31st March, 2014.

Amount in INR

Particulars	Note No.	As at 31st March	
		2014	2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	196,310,150	196,310,150
(b) Reserves and Surplus	2	62,456,566	51,379,938
(2) Non-Current Liabilities			
(a) Deferred tax liabilities(Net)		1,796,961	491,786
(b) Long term provisions	3	9,188,945	8,161,816
(3) Current Liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables	4	6,812,489	7,358,141
(c) Other current liabilities	5	19,621,440	21,342,663
(d) Short-term provisions	6	23,366,661	28,425,350
Total		319,553,213	313,469,844
II. ASSETS			
(1) Non-current assets			
(a) <i>Fixed assets</i>			
(i) Tangible assets	7	8,304,802	9,965,655
(ii) Intangible assets		-	-
(b) Goodwill on Consolidation		122,142,503	122,142,503
(c) Long Term Loans & Advances	8	24,553,172	26,908,948
(2) Current assets			
(a) Trade receivables	9	109,622,492	94,892,656
(b) Cash and cash equivalents	10	16,314,816	29,204,345
(c) Short-term loans and advances	11	2,356,291	1,648,308
(d) Other current assets	12	36,259,137	28,707,430
Total		319,553,213	313,469,844

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE

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

For and on behalf of the Board of Directors

P.Murali Mohana Rao
Partner
Membership No. 023412

Stefan Hetges **D.R.R Swaroop**
Wholetime Director&CEO Wholetime Director

Place: Hyderabad
Date: 30-05-2014

Venkat Motaparthi **V.Ramana Reddy**
Director Company Secretary

Consolidated Profit and Loss Statement for the Year ended 31st March, 2014.

Particulars	Note No.	Year Ended 31-03-2014	Year Ended 31-03-2013
I. Revenue from operations	13	251,718,703	904,763,486
II. Other Income	14	6,041,288	122,894,340
III. Total Revenue (I +II)		257,759,990	1,027,657,827
IV. Expenses:			
Employee benefit expenses	15	170,667,241	549,702,969
Other Operating Expenses	16	33,373,507	358,091,953
Administrative Expenses	17	27,548,705	152,999,978
Finance costs	18	-	22,903,151
Depreciation and amortization expense	7	7,118,476	10,357,671
Total Expenses		238,707,929	1,094,055,721
V. Profit before exceptional and extraordinary items and tax (III - IV)		19,052,061	(66,397,895)
VI. Exceptional Items			
I. Prior Period Expenses		167,440	10,544,428
II. Change in the Carrying Value of Investment		-	-
VII. Profit before extraordinary items and tax (V - VI)		18,884,621	(76,942,323)
VIII. Extraordinary Items		-	52,303,139
IX. Profit before tax (VII - VIII)		18,884,621	(129,245,462)
X. Tax expense:			
(1) Current tax		6,502,815	4,054,487
(2) Deferred tax		1,305,175	2,102,685
XI. Profit(Loss) from the period from continuing operations (IX - X)		11,076,631	(135,402,634)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		11,076,631	(135,402,634)
XVI. Earning per equity share:			
(1) Basic		0.56	-
(2) Diluted		0.56	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE

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

For and on behalf of the Board of Directors

P.Murali Mohana Rao
Partner
Membership No. 023412

Stefan Hetges **D.R.R Swaroop**
Wholetime Director&CEO Wholetime Director

Place: Hyderabad
Date: 30-05-2014

Venkat Motaparthi **V.Ramana Reddy**
Director Company Secretary

Consolidated Cashflow for the period ended 31st March, 2014.

Details		For the Period ended with 31st March, 2014	For the Period ended with 31st March, 2013
A. Cash Flow from Operating Activities			
Net Profit / (Loss) before tax		18,884,621	(129,245,462)
Adjustment for :			
Depreciation & Amortization		7,118,476	10,357,671
Dividend Income from Mutual Funds		-	-
Interest Income		(1,418,834)	(582,335)
Interest Expenses(net)		-	23,791,331
Provision for Gratuity & Leave encashment		1,027,129	(2,805,228)
Loss on sale of Assets(Net)		218,537	2,697,328
Loss on sale of Investment		-	272,898,671
Bad debts		-	19,916,769
Operating profit before working capital changes		25,829,929	197,028,744
Adjustment for:			
Change in Trade receivables		(14,729,836)	14,097,045
Change in Inventory		-	536,024
Change in Short-term loans and advances		(707,984)	48,229,009
Change in Other Current Assets		(7,551,708)	72,719,593
Change in Current Liabilities and Provision		(7,325,566)	(241,145,257)
Cash generated from operations		(4,485,164)	91,465,158
Income tax (paid)/ refunded		(6,502,815)	(8,862,401)
Net cash from operating activities	A	(10,987,979)	82,602,757
B. Cash Flow from Investing Activities			
(Purchase) / Sale of Fixed Assets		(5,676,160)	156,720,295
(Purchase) / Sale of Investments		-	(272,898,671)
Interest received		1,418,834	582,335
Dividend Income from Mutual Funds		-	-
Long Term Loans & Advances(Deposits)		2,355,776	-
Net cash from investing activities	B	(1,901,550)	(115,596,041)
C. Cash Flows from Financing Activities			
Proceeds from issue of preference issue		-	-
Increase (Decrease) in Secured Loan		-	(741,820,000)
Increase (Decrease) in working capital Loan (net)		-	-
Interest Paid		-	(23,791,331)
Dividend paid		-	-
Prior Period Reserves & Deferred Tax		-	791,968,846
Net cash used from financing activities	C	-	26,357,515
Net change in cash (A+B+C)		(12,889,529)	(6,635,769)
Cash and cash equivalents at beginning of year		29,204,345	35,840,113
Cash and cash equivalents at end of year		16,314,816	29,204,345

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.

AS PER OUR REPORT OF EVEN DATE

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

For and on behalf of the Board of Directors

P.Murali Mohana Rao
Partner
Membership No. 023412

Stefan Hetges
Wholetime Director&CEO

D.R.R Swaroop
Wholetime Director

Venkat Motaparthi
Director

V.Ramana Reddy
Company Secretary

Place: Hyderabad
Date: 30-05-2014

NOTE NO. 1 : SHARE CAPITAL

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
a	Equity Share Capital		
	(a) Authorised (No. of Shares 3,00,00,000 Current Year) (No. of Shares 3,00,00,000 Previous Year)	300,000,000	300,000,000
	(b) Issued (No. of Shares 1,96,31,015 Current Year) (No. of Shares 1,96,31,015 Previous Year)	196,310,150	196,310,150
	(c) Subscribed & Fully Paid Up (No. of Shares 1,96,31,015 Current Year) (No. of Shares 1,96,31,015 Previous Year)	196,310,150	196,310,150
	(d) Subscribed & not fully paid up	-	-
	(e) Par Value per share Rs. 10/-		
	Total share Capital	196,310,150	196,310,150
b	A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:		
	Equity Shares of Rs.10/- each, Fully paid up		
	At the Beginning	19,631,015	15,824,415
	Issued during the year - Bonus Issue	-	3,806,600
	Issued during the year - Cash Issue	-	-
	Issued during the year - ESOP	-	-
	Forfeited / Bought Back during the year	19,631,015	19,631,015
	At the end		
	Details of Shareholder holding more than 5% shares of the company:		
	Equity Shares of Rs. 10 each held by		
	Share Holder Name	No. of Shares	
		31-Mar-14	31-Mar-13
	1. Internet Business Capital Corporation	8,399,269	8,399,269
	2. SmarShift AG	2,056,600	2,056,600
		42.79%	42.79%
		10.48%	10.48%

NOTE NO. 2 : RESERVES & SURPLUS

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	RESERVES AND SURPLUS:		
	(a) Capital Redemption Reserve		
	As at the commencement of the year	499,000	499,000
	Add: Additions during the year	-	-
	Less: Utilised for during the year	-	-
		499,000	499,000
	(b) Securities Premium Account		
	As at the commencement of the year	225,215,578	225,215,578
	Add: Additions during the year	-	-
	Less: Utilised for during the year	-	-
		225,215,578	225,215,578
	(c) Revaluation reserve	-	-
	(d) Surplus :		
	Opening Balance - Profit and Loss Account	(174,334,643)	211,566,157
	Add: Transfer from Profit & Loss Account	11,076,631	(135,402,634)
	Add/Less: Subsidiary profit/loss	-	(250,498,164)
	Less: Goodwill Written Off	-	-
		(163,258,012)	(174,334,640)
	Total Reserves and Surplus	62,456,566	51,379,938

NOTE NO. 3 : LONG TERM PROVISIONS

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	a) Provision for employee benefits		
	(1) Provision for Gratuity	7,952,513	7,101,035
	(2) Provision for Privilege Leave Encashment	1,236,432	1,060,781
	Total Long Term Provisions	9,188,945	8,161,816

NOTE NO. 4 : TRADE PAYABLES

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	a) Trade Payables		
	(a) Outstanding for a period exceeding six months	-	-
	(b) Outstanding for a period not exceeding six months	6,812,489	7,358,141
	(c) Others	-	-
	Total Trade Payables	6,812,489	7,358,141

NOTE NO. 5 : OTHER CURRENT LIABILITIES

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	a) Inter Company loans & Advances		
	b) CTE-Trust ESOP	18,700,683	18,700,683
	c) Provision for Dividend	83,286	83,286
	d) Share Refund	-	75,939
	e) Other Payables	837,471	2,482,755
	Total Other Current Liabilities	19,621,440	21,342,663

NOTE NO. 6 : SHORT TERM PROVISIONS

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	(a) Provision for Employee Benefits		
	Salaries & Benefits	156,889	10,143,148
	Variable component	8,757,841	7,069,871
	(b) Other Provisions		
	Provision for Income Tax	7,885,738	2,088,404
	Statutory Dues	2,539,765	4,032,334
	Audit Fee	840,000	750,000
	Expenses	3,186,428	4,341,593
	Total Short term Provisions	23,366,661	28,425,350

NOTE NO. 8 : LONG TERM LOANS AND ADVANCES

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	Secured, Considered good		
	a) Rent Deposit	15,876,290	14,369,480
	b) Guest House Rent-Srinagar Colony	66,000	66,000
	c) Other Deposits	705,130	1,027,675
	d) Fixed Deposit With Banks	7,905,752	11,445,793
	Total Long Term Loans and Advances	24,553,172	26,908,948

Note No:7

FIXED ASSETS :

i Tangible Assets

S. No.	Name of Asset	Gross Block				Depreciation/Impairment				Amount in Rs.		
		Cost as at 01.04.2013	Additions during the Period	Deletions During the period	Cost as at 31.03.2014	Up to 01.04.2013	For the Period	Deletions during the period	Impairment	Total upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
1	Plant & Machinery	6,502,355	92,646	934,816	5,660,185	3,552,394	563,661	738,531	-	3,377,524	2,282,661	2,949,961
2	Furniture & Fixtures	1,541,803	8,450	279,547	1,270,706	1,175,798	83,238	279,547	-	979,489	291,217	366,005
3	Computers & Software	63,886,651	5,681,010	13,325,761	56,241,900	57,236,960	6,471,576	13,197,561	-	50,510,975	5,730,925	6,649,691
	TOTAL	71,930,809	5,782,106	14,540,124	63,172,791	61,965,152	7,118,476	14,215,639	-	54,867,989	8,304,802	9,965,657
	Previous Year	97,448,484	6,464,750	31,982,425	71,930,809	62,335,947	6,067,606	6,438,400	-	61,965,153	9,965,656	40,922,777

NOTE NO. 9: TRADE RECEIVABLES

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	Outstanding for a period exceeding six months from the date they are due for payment		
	Secured, Considered Good	-	-
	Unsecured, Considered Good	1,745,308	5,88,064
	Doubtful	-	-
		1,745,308	5,88,064
	Less: Allowance for Bad & Doubtful Debts	-	-
		1,745,308	5,88,064
II	Outstanding for a period not exceeding six months from the date they are due for payment		
	Secured, Considered Good	-	-
	Unsecured, Considered Good	107,877,185	94,304,592
	Doubtful	-	-
		107,877,185	94,304,592
	Less: Allowance for Bad & Doubtful Debts	-	-
		107,877,185	94,304,592
	Total Trade Receivables	109,622,493	94,892,656

NOTE NO. 10: CASH AND BANK BALANCES

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	Cash and Cash Equivalents		
	(a) Balances with Bank		
	(i) Current Account Balances	15,334,183	19,138,480
	(ii) Fixed Deposit	882,464	10,000,000
	(b) Cash on hand	98,169	65,865
	Total Cash and Bank Balances	16,314,816	29,204,345

NOTE NO. 11: SHORT TERM LOANS AND ADVANCES

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I			
	a) Advances to Vendors	1,821,625	1,256,735
	b) Advances to Employees	36,668	353,829
	c) Others	497,999	37,744
	Total Short Term Loans and Advances	2,356,292	1,648,308

NOTE NO. 12: OTHER CURRENT ASSETS

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I			
	a) MAT Entitlement Receivable	2,447,259	3,152,740
	b) Input Service Tax & VAT	5,528,434	3,700,076
	c) Service Tax Protest	2,500,000	2,493,087
	d) Prepaid Expenses	1,866,677	1,796,253
	e) TDS Receivables	22,897,474	17,162,333
	f) Income Tax Refund	84,903	-
	g) Unbilled Revenue	934,391	402,941
	Total Other Current Assets	36,259,138	28,707,430

NOTE NO.13: REVENUE FROM OPERATIONS

S.No.	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
(i)	Revenue from operations in respect of non-finance company		
	(a) Sale of Services	251,718,703	904,763,486
	Total Revenue from Operations	251,718,703	904,763,486

NOTE NO.14: OTHER INCOME

S.No.	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
I	(a) Interest Income (on Bank Deposits)	1,418,834	582,335
	(c) Exchange Fluctuation gain	4,061,007	13,465,826
	(d) Other Operating Income	-	30,356,059
	(e) Other Misc. Incomes	561,447	78,490,120
	Total Other Income	6,041,288	122,894,340

NOTE NO.15: EMPLOYEE BENEFIT EXPENSES

S.No.	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
I	(a) Salaries and bonus	154,907,812	400,544,470
	(b) Fees to Contract Employees	4,315,974	102,745,062
	(c) Staff Welfare Expenses	2,370,070	1,315,977
	(d) Employee other benefit expenses	9,073,385	45,097,461
	Total Employee Benefit Expenses	170,667,241	549,702,969

NOTE NO.16: OTHER OPERATING EXPENSES

S.No.	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
I	(a) Power & Fuel	4,471,428	4,741,338
	(b) Rent	21,336,561	27,515,961
	(c) Royalty/Technical Knowhow Fees/Licence Fees	-	14,612,834
	(d) Insurance	867,585	4,973,301
	(e) Cost of Study Materials	-	326,588
	(f) Computer hire charges	3,583,884	4,354,169
	(g) Payment to Auditors:		
	(i) As Auditor	765,000	1,940,523
	(ii) For Taxation Matters	75,000	75,000
	(iii) For Internal auditor	350,000	350,000
	(h) Net loss on sale of assets	218,537	2,697,328
	(i) Exchange Fluctuation gain	-	-
	(j) Bad Debts	3,192	19,916,769
	(k) Miscellaneous Expenses	1,702,320	3,689,470
	(l) Loss on sale on Investment	-	272,898,671
	Total Other Expenses	33,373,507	358,091,953

NOTE NO. 17: ADMINISTRATIVE EXPENSES

S.No.	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
I	(a) Telephone, Postage and Others	2,954,503	50,268,962
	(b) Sales & Marketing Expenses	510,931	15,771,549
	(c) Office Maintenance	5,129,071	9,323,603
	(d) Managerial Remuneration	1,500,000	1,200,000
	(e) Directors Sitting Fee	70,000	260,000
	(f) Traveling and Conveyance	6,099,014	28,254,702
	(g) Consultancy Charges	4,102,038	32,103,385
	(h) Dues & Subscriptions	665,368	3,866,883
	(i) Rates and Taxes	49,941	195,191
	(j) Cost of Software Licenses	6,362,841	10,867,523
	(k) Bank Charges	104,998	888,180
	Total Administrative Expenses	27,548,705	152,999,978

NOTE NO. 18: FINANCE COST

S.No.	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
I	(a) Interest on Working Capital Loan	-	2,782,186
	(b) Interest on other Loans	-	20,120,965
	Total Finance Cost	-	22,903,151

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

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

1. Group overview

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

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

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

2.2 Basis of Consolidation

The Group financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the accounting standard on Consolidation Financial Statements issued by the Institute of Chartered Accountants of India. The Group financial statements incorporate the financial information of Cambridge Technology Enterprises Limited, its Subsidiaries made up to March 31, 2014. Subsidiaries are those entities that are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of the enterprise so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is acquired by the Group and no longer consolidated from the date such control ceases. The financial statements of the parent company and subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and any resulting unrealized gain/loss arising from intra group transactions. Unrealized losses resulting from intra group transactions are also eliminated unless cost cannot be recovered. Amounts reported in the financial statements of subsidiaries have been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group.

2.3 Use of estimates

The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Actual results could differ from those estimates. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets. Management periodically assesses using, external and internal sources, whether there is an indication

that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Where no reliable estimate can be made, a disclosure is made as contingent liability. Actual results could differ from those estimates.

2.4 Revenue recognition

Income from Software services and products

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

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

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

Other income

Dividend income is recognized when the Company's right to receive dividend is established.

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

2.5 Fixed Assets

Tangible assets

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

Intangible assets

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

Capital Work in progress

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

Depreciation

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

Amortization

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

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

2.6 Finance leases

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

2.7 Investments

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

2.8 Foreign Currency transactions and translation

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

2.9 Employee Stock Option Scheme

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

2.10 Taxes on Income

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

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

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

2.11 Earnings per share

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

2.12 Retirement benefits to employees

Gratuity

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

Provident fund

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

Notes to Consolidated Financial Statements**19. 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, 2014	March 31, 2013
Cambridge Technology India Private Limited	India	100%	100%

20. The Company has written-off the trade receivables amounting to Rs.21,48,81,750/- during the previous year 2012-13, due from erstwhile wholly owned step down subsidiary Cambridge Technology Enterprises Inc. The company has made an application to RBI through the authorized dealer for the approval of the same.
21. The Company has made a petition on 18th July, 2013 with the High Court for the merger of its wholly owned subsidiary Cambridge Technology India Private Limited. The decision of high Court is awaited in this matter.

22. Details of Deposits

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

23. Employee Stock Option Scheme

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

CTEL ESOP 2006

The 2006 Plan was approved by the board of directors on April 13, 2006 and by the shareholders on April 21, 2006, under which scheme 1,236,542 options were granted till date of 31st March, 2014.

Changes in number of options outstanding were as follows:

	As at March 31	
	2014	2013
Options outstanding beginning of period	116,538	192,538
Granted during the year	Nil	Nil
Less: Exercised	Nil	Nil
Lapsed *	21,000	76,000
Options outstanding end of period	95,538	116,538

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

CTEL ESOP SCHEME 2008

The 2008 Plan was approved by the board of directors on March 20, 2008 and by the shareholders through postal ballot results of which was declared on March 5, 2008, under which scheme 1,500,000 options were granted till date of 31st March, 2014.

Changes in the number of options outstanding:

	As at March 31	
	2014	2013
Options outstanding beginning of period	73,881	296,904
Granted during the year	Nil	Nil
Less: Exercised	Nil	Nil
Lapsed *	4,261	223,023
Options outstanding end of period	69,620	73,881

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

CTEL ESOP SCHEME 2011

The 2011 Plan was approved by the board of directors on December 10, 2010 and by the shareholders through postal ballot results of which was declared on January 24, 2011, under which scheme 644,000 options were granted till date of 31st March, 2014.

Changes in the number of options outstanding:

	As at March 31	
	2014	2013
Options outstanding beginning of period	164,000	624,000
Granted during the year	Nil	20,000
Less: Exercised	Nil	Nil
Lapsed*	81,000	480,000
Options outstanding end of period	83,000	164,000

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

Pro forma Disclosure

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

(Amount in Rs.)

	Year ended March 31,	
	2014	2013
Net Profit/Loss (as reported)	17,919,076	(486,615,036)
Add: Stock based employee compensation	-	-
Less: Stock based compensation expenses determined under fair value method (pro forma)	-	-
Net Profit (Pro forma)	17,919,076	(486,615,036)
Earnings per share (Rs.)		
Basic - as reported	-	-
- as pro forma	-	-
Diluted - as reported	-	-
- as pro forma	-	-

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

24. Related party transactions*Key Management Personnel*

- Stefan Hetges - Whole-time Director and Chief Executive Officer
D.R.R Swaroop - Whole-time Director

Enterprises over which Control exists

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

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

- D.S. UnicsInfotech limited - D.R.R. Swaroop is a Director in the Company
SmartShift Technologies Inc. - Stefan Hetges is a Director in the Company
(Formerly Cambridge Technology Enterprises Inc.)

Nature of Transaction	Year ended March 31,	
	2014	2013
<i>Transactions with key management personnel</i>		
Remuneration *		
-D.R.R. Swaroop	1,500,000	1,200,000
-Stefan Hetges	-	6,526,800
-Arjun Chopra	-	6,526,800
Amount Payable		
-D.R.R. Swaroop	-	73,778
-Stefan Hetges	-	618,067
Amount Receivable		
-D.R.R. Swaroop	-	330,000

Transactions with enterprises over which Control exists

Nature of Transaction	Year ended March 31,	
	2014	2013
Sale of services – SmartShift Technologies Inc. (Formerly Cambridge Technology Enterprises Inc.)	202,151,624	217,983,410
Expenses reimbursement, net SmartShift Technologies Inc (Formerly Cambridge Technology Enterprises Inc.)	497,999	37,744
Balance receivable/(payable)	101,753,939	72,432,590
Loans and advances		
Loans and advances given -Cambridge Technology India Pvt. Ltd.	5,305,860	25,725,104
Repayment of loans and advances		
-Cambridge Technology India Pvt. Ltd.	11,068,491	107,097,404
Balance outstanding		
- Cambridge Technology India Pvt. Ltd.	-87,134,931	-81,372,300

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

	As at March 31,	
	2014	2013
Number of shares considered as basic weighted average shares outstanding	19,631,015	19,631,015
Add: Effect of dilutive issue of stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	19,631,015	19,631,015

26. Leases**Operating Lease**

The Company hires office premises under operating lease agreement that is renewable on a periodic basis at the option of both the lessor and the lessee. Rental expense under those leases was Rs.19,218,457/- (Previous year Rs. 11,883,622/-).

Finance Leases

The Company is not having any finance lease agreements as at March 31, 2014.

27. 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.

28. 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, 2014 and 2013 are as follows:

	Year ended March 31,	
	2014	2013
Remuneration*	1,500,000	20,236,500
Perquisites and Allowances	-	-
Directors sitting fee	70,000	260,000

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

29. Details of advances and loans given to subsidiary Companies

Name of subsidiary	Balance outstanding as at March 31,		Maximum balance outstanding as at March 31,	
	2014	2013	2014	2013
CTIPL (Cambridge Technology India Pvt. Ltd.)	(87,134,931)	(81,372,300)	(90,886,991)	16,489,002

30. Retirement benefits to employees*Defined contribution plan*

During year ended March 31, 2014, the Group contributed Rs.38,19,331/- to provident fund (Previous Year Rs. 43,50,821/- was contributed to provident fund).

Defined benefit plan – gratuity and privilege leave.

The amounts recognized in the balance sheet as at March 31, 2014 are as follows:

	31 st Mar'14	31 st Mar'13
Present value of funded obligations	9,188,945	8,161,816
Fair value of plan assets		-
Net liability	9,188,945	8,161,816
Amount in balance sheet		
Liability	9,188,945	8,161,816
Asset	-	-
Net Liability	9,188,945	8,161,816

The amounts recognized in the profit and loss account for the year ended March 31, 2014 are as follows.

	31 st Mar' 2014	31 st Mar' 2013
Current service cost	611,760	490,329
Interest cost	652,945	774,846
Expected return on plan assets	-	-
Recognized net actuarial loss	1,028,841	527,301
Net Benefit Expense	2,293,546	1,792,476

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

	31 st Mar'2014	31 st Mar'2013
Defined benefit obligation at beginning of the year	8,161,816	9,685,560
Current service cost	611,760	490,329
Interest cost	652,945	774,846
Benefits paid	(1,266,417)	(3,316,223)
Actuarial loss/(gains)	1,028,841	527,301
Defined benefit obligation at end of the year	9,188,945	8,161,816

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

	31 st Mar'2014	31 st Mar' 2013
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gains	-	-
Contribution by employer	1,266,417	3,316,223
Benefits paid	1,266,417	3,316,223
Fair value of plan assets at the end of the year		-

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

Discount Rate	8.00%	8.00%
Expected return on plan assets	5.00%	5.00%
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.

31. Supplementary Information

Contingencies & Guarantees

- i) The Company is having contingent service tax liability for an amount of Rs.3,25,76,183/- which is pending before service tax Appellate Tribunal, South Zonal Bench, Bangalore and in this connection company has received stay order dated 30th October 2013 against recovery by the Service Tax department.
 - ii) For the A.Y 2009-10 disputed tax liability of Rs. 38,36,711/- is pending before honorable ITAT.
32. Cambridge Technology India Pvt. Ltd, Subsidiary company of CTEL has not filed its return of income for the AY 2013-14 due to merger petition pending before the Hon'ble High Court of Karnataka.

33. Prior year comparatives.

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

For P. Murali & Co.

Chartered Accountants
Firm Regn. No.007257S

P.MuraliMohana Rao

Membership No: 023412

For and on behalf of the Board of Directors

Stefan Hetges

Whole-time Director & CEO

D.R.R.Swaroop

Whole-time Director

Place: Hyderabad

Date: 30-05-2014

VenkatMotaparthi

Director

V. Ramana Reddy

Company Secretary

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Cambridge Technology Enterprises Limited

Report on the Financial Statements:

We have audited the accompanying financial statements of Cambridge Technology Enterprises Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

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

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

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the statement of Profit and Loss Account, of the Profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and cash flow statement comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

(P. Murali Mohana Rao)
Partner
Membership No. 023412

Place: Hyderabad
Date: 30-05-2014

ANNEXURE TO THE AUDITORS' REPORT

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. The Company does not have any inventory. Accordingly, the provisions of clause 4(ii) of the order are not applicable.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans, the Clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under Section 301 prejudicial to the interest of company, is not applicable.
- (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.
- (d) No loans have been granted to Companies, Firms and other parties listed in the register U/S 301 of the Companies Act, 1956. Hence, overdue Amount of more than rupees one Lac does not arise and the clause is not applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans, the clause of whether the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties is not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanation given to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the company in respect of any party in the financial year, the entry in the register U/s.301 of the Companies Act, 1956 does not arise.
- (b) According to the information and explanations given to us, as no such contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of subsection (i) of 209 of the companies act 1956.

- IX. (a) The Company is regular in depositing statutory dues including PF, ESI, Income Tax, Cess, and any other statutory dues with the appropriate authorities and at the end of last financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
- (b) According to the information and explanations given to us, there is a disputed amount payable in respect of Income Tax for the AY 2009-10 amounting to Rs. 38,36,711/-.
- 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 there are cash losses in the immediately preceding financial year.
- XI. According to information and explanations given to us, the company has not defaulted in repayment of dues to financial Institutions or Banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company 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 .
- XVI. According to the information and explanations given to us, the Company has not obtained any Term Loans.
- XVII. On the basis of our examination of the books & accounts and according to the information and explanations given to us, in our opinion the funds raised on short term basis have not been used for Long term investment & vice versa.
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by public issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

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

P. MURALI MOHANA RAO
PARTNER
MEMBERSHIP NO. 23412

PLACE : HYDERABAD
DATE : 30th May, 2014

Standalone Balance Sheet as at 31st March, 2014.

Amount in INR

Particulars	Note No.	As at 31st March	
		2014	2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	196,310,150	196,310,150
(b) Reserves and Surplus	2	(42,165,663)	(60,084,736)
(2) Non-Current Liabilities			
(a) Deferred tax liabilities(Net)	3	5,729,781	4,577,720
(b) Long term provisions	4	6,583,366	5,240,838
(3) Current Liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables	5	4,845,663	6,762,999
(c) Other current liabilities	6	106,309,131	102,877,908
(d) Short-term provisions	7	19,403,412	20,590,142
Total		297,015,839	276,275,021
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	7,200,389	8,312,880
(b) Non-current investments	9	135,485,546	135,485,546
(c) Long Term Loans & Advances	10	23,945,562	24,169,149
(d) Other non-current assets	11	10,560,596	9,390,946
(2) Current assets			
(a) Trade receivables	12	101,255,940	72,394,845
(b) Cash and cash equivalents	13	14,402,104	23,190,205
(c) Short-term loans and advances	14	2,348,292	1,479,572
(d) Other current assets	15	1,817,410	1,851,878
Total		297,015,839	276,275,021

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE

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

For and on behalf of the Board of Directors

P.Murali Mohana Rao
Partner
Membership No. 023412Stefan Hetges
Wholetime Director&CEOD.R.R Swaroop
Wholetime DirectorPlace: Hyderabad
Date: 30-05-2014Venkat Motaparthi
DirectorV.Ramana Reddy
Company Secretary

Standalone Profit and Loss Statement for the Year ended 31st March, 2014.

Particulars	Note No.	Year Ended 31-03-2014	Year Ended 31-03-2013
I. Revenue from operations	16	202,151,624	217,983,410
II. Other Income	17	6,510,752	14,949,911
III. Total Revenue (I +II)		208,662,376	232,933,321
IV. Expenses:			
Employee benefit expenses	18	126,992,781	151,560,311
Other Operating Expenses	19	28,562,788	512,960,952
Administrative Expenses	20	20,491,768	35,411,446
Finance costs	21	-	1,408,047
Depreciation and amortization expense	8	6,873,647	4,758,022
Total Expenses		182,920,984	706,098,778
V. Profit before exceptional and extraordinary items and tax (III - IV)		25,741,392	(473,165,457)
VI. Exceptional Items			
I. Prior Period Expenses		167,440	10,544,428
II. Change in the Carrying Value of Investment		-	-
VII. Profit before extraordinary items and tax (V - VI)		25,573,952	(483,709,885)
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		25,573,952	(483,709,885)
X. Tax expense:			
(1) Current tax		6,502,815	-
(2) Deferred tax		1,152,061	2,905,151
XI. Profit(Loss) from the period from continuing operations (IX - X)		17,919,076	(486,615,036)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		17,919,076	(486,615,036)
XVI. Earning per equity share:			
(1) Basic		0.91	-
(2) Diluted		0.91	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS IS AN INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE

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

For and on behalf of the Board of Directors

P.Murali Mohana Rao
Partner
Membership No. 023412

Stefan Hetges **D.R.R Swaroop**
Wholetime Director&CEO Wholetime Director

Place: Hyderabad
Date: 30-05-2014

Venkat Motaparthi **V.Ramana Reddy**
Director Company Secretary

Standalone Cashflow for the period ended 31st March, 2014.

Details		For the Period ended with 31st March, 2014	For the Period ended with 31st March, 2013
A. Cash Flow from Operating Activities			
Net Profit / (Loss) before tax		25,573,952	(483,709,885)
Adjustment for :			
Depreciation & Amortization		6,873,647	4,758,022
Dividend Income from Mutual Funds		-	-
Interest Income		(1,294,158)	(479,863)
Interest Expenses(net)		-	1,408,047
Provision for Gratuity & Leave encashment		1,342,528	(1,307,532)
Loss on sale of Assets(Net)		-	2,697,328
Loss on sale of Investment		-	272,898,671
Operating profit before working capital changes		32,495,969	(203,735,212)
Adjustment for:			
Change in Trade receivables		(28,861,095)	169,608,103
Change in Short-term loans and advances		(834,252)	873,262
Change in Current Liabilities and Provision		327,156	59,175,417
Cash generated from operations		3,127,779	25,921,569
Income tax (paid)/ refunded		(6,502,815)	-
Net cash from operating activities	A	(3,375,036)	25,921,569
B. Cash Flow from Investing Activities			
(Purchase) / Sale of Fixed Assets		(5,761,156)	(5,084,712)
Payment for Acquisitions		-	-
Sale of Fixed Assets		-	-
(Purchase) / Sale of Investments		-	1,361,955
Interest received		1,294,158	479,863
Dividend Income from Mutual Funds		-	-
Sale of investments		-	-
Purchase of Investments in subsidiary		-	-
Long Term Loans & Advances(Deposits)		(946,063)	4,524,508
Net cash from investing activities	B	(5,413,061)	1,281,613
C. Cash Flows from Financing Activities			
Proceeds from issue of preference issue		-	-
Increase (Decrease) in working capital Loan (net)		-	(30,386,509)
Interest Paid		-	(1,408,047)
Dividend paid		-	-
Increase (Decrease) in Share Capital		-	-
Net cash used from financing activities	C	-	(31,794,556)
Net change in cash (A+B+C)		(8,788,097)	(4,591,373)
Cash and cash equivalents at beginning of year		23,190,205	27,781,578
Cash and cash equivalents at end of year		14,402,104	23,190,205

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.

AS PER OUR REPORT OF EVEN DATE

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

For and on behalf of the Board of Directors

P.Murali Mohana Rao
Partner
Membership No. 023412

Stefan Hetges
Wholetime Director&CEO

D.R.R Swaroop
Wholetime Director

Venkat Motaparthi
Director

V.Ramana Reddy
Company Secretary

Place: Hyderabad
Date: 30-05-2014

NOTE NO.1: SHARE CAPITAL

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
a	Equity Share Capital		
(a)	Authorised (No. of Shares 3,00,00,000 Current Year) (No. of Shares 3,00,00,000 Previous Year)	300,000,000	300,000,000
(b)	Issued (No. of Shares 1,96,31,015 Current Year) (No. of Shares 1,96,31,015 Previous Year)	196,310,150	196,310,150
(c)	Subscribed & Fully Paid Up (No. of Shares 1,96,31,015 Current Year) (No. of Shares 1,96,31,015 Previous Year)	196,310,150	196,310,150
(d)	Subscribed & not fully paid up	-	-
(e)	Par Value per share Rs. 10/-		
	Total share Capital	196,310,150	196,310,150
b	A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period: Equity Shares of Rs.10 each, Fully paid up		
	At the Beginning	19,631,015	15,824,415
	Issued during the year - Bonus Issue	-	3,806,600
	Issued during the year - Cash Issue	-	-
	Issued during the year - ESOP	-	-
	Forfeited / Bought Back during the year	19,631,015	19,631,015
	At the end		
	Details of Shareholder holding more than 5% shares of the company: Equity Shares of Rs. 10/- each held by		
	Share Holder Name	No. of Shares	
		31-Mar-14	31-Mar-13
	1. Internet Business Capital Corporation	8,399,269	8,399,269
	2. SmarShift AG	2,056,600	2,056,600
		42.79%	42.79%
		10.48%	10.48%

NOTE NO.2: RESERVES & SURPLUS

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	RESERVES AND SURPLUS:		
(a)	Capital Redemption Reserve		
	As at the commencement of the year	499,000	499,000
	Add: Additions during the year	-	-
	Less: Utilised for during the year	-	-
		499,000	499,000
(b)	Securities Premium Account		
	As at the commencement of the year	225,215,578	171,923,178
	Add: Additions during the year	-	53,292,400
	Less: Utilised for during the year	-	-
		225,215,578	225,215,578
(c)	Revaluation reserve	21,861,307	21,861,307
(d)	Surplus:		
	Opening Balance - Profit and Loss Account	(307,660,625)	178,954,415
	Add: Transfer from Profit & Loss Account	17,919,076	(486,615,036)
	Less: Transfer To General Reserve	-	-
	Less: Goodwill Written Off	-	-
		(289,741,549)	(307,660,625)
	Total Reserves and Surplus	(42,165,663)	(60,084,739)

NOTE NO. 3: DEFERRED TAX LIABILITY (NET)

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	Opening deferred tax Liability	19,544,828	14,937,747
	Add:		
	Deferred Tax Liability for the year (Due to SLM and WDV Difference)	1,501,008	4,607,081
	Deferred Tax Liability for the year (Due to Others)		
	Gross Deferred tax Liability	21,045,836	19,544,828
	Opening deferred tax Asset	14,967,108	13,265,178
	Provision for Gratuity and Compensated Absences and doubtful debt	348,947	1,701,930
	Gross Deferred tax Asset	15,316,055	14,967,108
	Net Deferred tax Liability	5,729,781	4,577,720

NOTE NO. 4: LONG TERM PROVISIONS

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	a) Provision for employee benefits		
	(1) Provision for Gratuity	5,661,039	4,640,261
	(2) Provision for Privilege Leave Encashment	922,327	600,577
	Total Long Term Provisions	6,583,366	5,240,838

NOTE NO. 5: TRADE PAYABLES

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	a) Trade Payables		
	(i) Outstanding for a period exceeding six months	-	-
	(ii) Outstanding for a period not exceeding six months	4,845,663	6,762,999
	(iii) Others	-	-
	Total Trade Payables	4,845,663	6,762,999

NOTE NO. 6: OTHER CURRENT LIABILITIES

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	a) Inter Company loans & Advances	87,134,931	81,372,300
	b) Rent Deposit Received from CTIPL	-	1,000,000
	c) CTE-Trust ESOP	18,700,683	18,700,683
	d) Provision for Dividend	83,286	83,286
	e) Share Refund	-	75,939
	f) Other Payables	390,231	1,645,700
	Total Other Current Liabilities	106,309,131	102,877,908

NOTE NO. 7: SHORT TERM PROVISIONS

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	(a) Provision for Employee Benefits		
	Salaries & Benefits	80,419	7,605,371
	Variable component	7,868,875	6,127,325
	(b) Other Provisions		
	Provision for Income Tax	5,797,334	-
	Statutory Dues	1,849,395	1,967,510
	Audit Fee	750,000	750,000
	Expenses	3,057,389	3,872,911
	Total Short term Provisions	19,403,412	20,590,142

Notes to Standalone Financial Statements for the year ended March 31st, 2014

Note No: 8

FIXED ASSETS :

i Tangible Assets

S. No.	Name of Asset	Gross Block						Depreciation				Net Block	
		Cost as at 01.04.2013	Additions During the Period	Deletions during the period	Cost as at 31.03.2014	Up to 01.04.2013	For the Period	Deletions during the period	Total upto 31.03.2014	As at 31.03.2014	As at 31.03.2013	Amount in Rs.	
												As at 31.03.2014	As at 31.03.2013
1	Plant & Machinery	1,010,001	-	-	1,010,001	399,723	84,889		484,612	525,389	610,278		
2	Electrical Fittings	85,690	-	-	85,690	24,456	8,518		32,974	52,716	61,234		
3	Furniture & Fixtures	638,208	-	279,547	358,661	496,454	47,292	279,547	264,199	94,462	141,754		
4	Computers	20,236,421	1,588,798	3,357,261	18,467,958	18,449,826	1,023,379	3,357,261	16,115,944	2,352,014	1,786,595		
5	Office Equipment	1,501,378	80,146	268,388	1,313,136	441,324	307,278	268,388	480,214	832,922	1,060,054		
6	Software	28,937,915	4,092,212		33,030,127	24,284,950	5,402,291		29,687,241	3,342,886	4,652,965		
	TOTAL	52,409,613	5,761,156	3,905,196	54,265,573	44,096,733	6,873,647	3,905,196	47,065,184	7,200,389	8,312,880		
	Previous Year	51,868,545	5,989,473	5,448,405	52,409,613	41,185,026	4,758,022	1,846,315	44,096,733	8,312,880	10,683,518		

Note: During the current financial year in respect of Accumulated depreciation as per companies act towards Furniture & Fixtures, Computers and Office Equipments reversal has been done to extent of Rs. 279,547 / - , Rs. 3357,268 / - and Rs. 268,388 / -

NOTE NO.9: NON-CURRENT INVESTMENTS

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	(1) Investments in Subsidiaries		
	(a) Equity Shares Cambridge Technology India Pvt Ltd (100% Holding)	135,485,546	135,485,546
	Total Non-Current Assets	135,485,546	135,485,546

NOTE NO.10: LONG TERM LOANS AND ADVANCES

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	Secured, Considered good		
	a) Rent Deposit	15,463,310	12,381,500
	b) Guest House Rent-Srinagar Colony	66,000	66,000
	c) Other Deposits	510,500	210,500
	d) Fixed Deposit With Banks	7,905,752	11,511,149
	Total Long Term Loans and Advances	23,945,562	24,169,149

NOTE NO.11: OTHER NON CURRENT ASSETS

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	a) MAT Entitlement Receivable	2,447,259	3,152,740
	b) Input Service Tax	5,528,434	3,738,206
	c) Service Tax Protest	2,500,000	2,500,000
	d) Income Tax Refund	84,903	-
	Total Other Non Current Assets	10,560,596	9,390,946

NOTE NO.12: TRADE RECEIVABLES

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	Outstanding for a period exceeding six months from the date they are due for payment		
	Secured, Considered Good	-	-
	Unsecured, Considered Good	-	-
	Doubtful	-	-
	Less: Allowance for Bad & Doubtful Debts	-	-
II	Outstanding for a period not exceeding six months from the date they are due for payment		
	Secured, Considered Good	-	-
	Unsecured, Considered Good	101,255,940	72,394,846
	Doubtful	-	-
	Less: Allowance for Bad & Doubtful Debts	-	-
		101,255,940	72,394,846
	Total Trade Receivables	101,255,940	72,394,846

Notes to Standalone Financial Statements

NOTE NO.13: CASH AND BANK BALANCES

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I	Cash and Cash Equivalents		
	(a) Balances with Bank		
	(i) Current Account Balances	13,526,106	13,161,592
	(ii) Fixed Deposit	835,947	10,000,000
	(b) Cash on hand	40,051	28,613
	Total Cash and Bank Balances	14,402,104	23,190,205

NOTE NO.14: SHORT TERM LOANS AND ADVANCES

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I			
	a) Advances to Vendors	1,821,625	1,100,000
	b) Advances to Employees	28,668	341,829
	c) Others	497,999	37,743
	Total Short Term Loans and Advances	2,348,292	1,479,572

NOTE NO.15: OTHER CURRENT ASSETS

S.No	Particulars	As on 31-03-2014	As on 31-03-2013
I			
	a) TDS Receivables	255,831	140,364
	b) Prepaid Expenses	1,561,579	1,711,514
	Total Other Current Assets	1,817,410	1,851,878

NOTE NO.16: REVENUE FROM OPERATIONS

S.No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
I	Revenue from operations in respect of non-finance company		
	(a) Sale of Services	202,151,624	217,983,410
	Total Revenue from Operations	202,151,624	217,983,410

NOTE NO.17: OTHER INCOME

S.No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
I			
	(a) Interest Income (on Bank Deposits)	1,294,158	479,863
	(b) Exchange Fluctuation gain	4,061,007	13,696,987
	(c) Other Misc. Incomes	1,155,587	773,061
	Total Other Income	6,510,752	14,949,911

Notes to Standalone Financial Statements

NOTE NO. 18 : EMPLOYEE BENEFIT EXPENSES

S.No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
I	(a) Salaries and bonus	116,256,050	137,585,600
	(b) Fees to Contract Employees	1,198,327	5,015,783
	(c) Staff Welfare Expenses	2,342,392	1,222,447
	(d) Employee other benefit expenses	7,196,012	7,736,481
	Total Employee Benefit Expenses	126,992,781	151,560,311

NOTE NO. 19 : OTHER OPERATING EXPENSES

S.No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
I	(a) Power & Fuel	4,382,730	4,178,477
	(b) Rent	19,752,157	12,310,131
	(c) Insurance	832,079	728,742
	(d) Dues & Subscriptions	637,052	672,931
	(e) Payment to Auditors:		
	(i) As Auditor	675,000	675,000
	(ii) For Taxation Matters	75,000	75,000
	(iii) For Internal auditor	350,000	350,000
	(f) Net loss on sale of assets	-	2,697,328
	(g) Cost of software licenses	310,112	1,432,799
	(h) Exchange Fluctuation Loss	-	-
	(i) Bad Debts	-	214,881,750
	(j) Miscellaneous Expenses	1,548,658	2,060,123
	(k) Loss on sale on Investment	-	272,898,671
	Total Other Expenses	28,562,788	512,960,952

NOTE NO. 20 : ADMINSTRATIVE EXPENSES

S.No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
I	(a) Telephone, Postage and Others	2,304,054	3,002,285
	(b) Office Maintenance	4,766,230	4,895,052
	(c) Managerial Remuneration	1,500,000	1,200,000
	(d) Directors Sitting Fee	70,000	260,000
	(e) Traveling and Conveyance	5,213,682	11,038,296
	(f) Consultancy Charges	3,236,444	10,507,684
	(g) Interest on Tds Payable	86,115	19,814
	(h) Rates and Taxes	39,119	53,434
	(i) Computer hire charges	3,176,976	3,991,969
	(j) Bank Charges	99,148	442,912
	Total Administrative Expenses	20,491,768	35,411,446

NOTE NO. 21 : FINANCE COST

S.No	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
I	(a) Interest on Working Capital Loan	-	1,408,047
	(b) Interest on other Loans	-	-
	Total Finance Cost	-	1,408,047

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

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

1. Company overview

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

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

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

2.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Actual results could differ from those estimates. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets. Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset’s net sales price or present value as determined above. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Where no reliable estimate can be made, a disclosure is made as contingent liability. Actual results could differ from those estimates.

2.3 Revenue recognition*Income from Software services and products*

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

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

Revenue from the sale of user licenses for software applications is recognized on transfer of the

title in the user license, except in case of multiple element contracts requiring significant implementation services, where revenue is recognized as per the percentage of completion method.

Other income

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.

Depreciation

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

Amortization

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

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

2.5 Finance leases

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

2.6 Investments

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

2.7 Foreign Currency transactions and translation

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

2.8 Employee Stock Option Scheme

Stock options granted to the employees under the stock option schemes established after June 19, 1999 are evaluated as per the accounting treatment prescribed by Employee Stock Option Scheme

and Employee Stock Purchase Scheme Guidelines 1999 issued by Securities and Exchange Board of India and the Guidance Note on Accounting for employee share-based payments issued by the Institute of Chartered Accountants of India. Accordingly the Company measures the compensation cost relating to employee stock options using the intrinsic value method. The compensation cost is amortized on a straight line basis over the total vesting period of the stock options.

2.9 Taxes on Income

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

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

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

2.10 Earnings per share

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

2.11 Retirement benefits to employees

Gratuity

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

Provident fund

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

Notes to Financial Statements

22. The Company has written-off the trade receivables amounting to Rs.21,48,81,750/- during the previous year 2012-13, due from erstwhile wholly owned step down subsidiary Cambridge Technology Enterprises Inc. The company has made an application to RBI through the authorized dealer for the approval of the same.
23. The Company has made a petition on 18th July, 2013 with the High Court for the merger of its wholly owned subsidiary Cambridge Technology India Private Limited. The decision of high Court is awaited in this matter.

24. Details of Deposits

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

25. Employee Stock Option Scheme

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

CTEL ESOP 2006

The 2006 Plan was approved by the board of directors on April 13, 2006 and by the shareholders on April 21, 2006, under which scheme 1,236,542 options were granted till date of 31st March, 2014.

Changes in number of options outstanding were as follows:

	As at March 31	
	2014	2013
Options outstanding beginning of period	116,538	192,538
Granted during the year	Nil	Nil
Less: Exercised	Nil	Nil
Lapsed *	21,000	76,000
Options outstanding end of period	95,538	116,538

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

CTEL ESOP SCHEME 2008

The 2008 Plan was approved by the board of directors on March 20, 2008 and by the shareholders through postal ballot results of which was declared on March 5, 2008, under which scheme 1,500,000 options were granted till date of 31st March, 2014.

Changes in the number of options outstanding:

	As at March 31	
	2014	2013
Options outstanding beginning of period	73,881	296,904
Granted during the year	Nil	Nil
Less: Exercised	Nil	Nil
Lapsed *	4,261	223,023
Options outstanding end of period	69,620	73,881

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

CTEL ESOP SCHEME 2011

The 2011 Plan was approved by the board of directors on December 10, 2010 and by the shareholders through postal ballot results of which was declared on January 24, 2011, under which scheme 644,000 options were granted till date of 31st March, 2014.

Changes in the number of options outstanding:

	As at March 31	
	2014	2013
Options outstanding beginning of period	1,64,000	624,000
Granted during the year	Nil	20,000
Less: Exercised	Nil	Nil
Lapsed*	81,000	480,000
Options outstanding end of period	83,000	164,000

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

Pro forma Disclosure

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

(Amount in Rs.)

	Year ended March 31,	
	2014	2013
Net Profit/Loss (as reported)	17,919,076	(486,615,036)
Add: Stock based employee compensation	-	-
Less: Stock based compensation expenses determined under fair value method (pro forma)	-	-
Net Profit (Pro forma)	17,919,076	(486,615,036)
Earnings per share (Rs.)		
Basic - as reported	-	-
- as pro forma	-	-
Diluted - as reported	-	-
- as pro forma	-	-

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

26. Related party transactions*Key Management Personnel*

Stefan Hetges	-	Whole-time Director and Chief Executive Officer
D.R.R Swaroop	-	Whole-time Director

Enterprises over which Control exists

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

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

SmartShift Technologies Inc. - Stefan Hetges is a Director in the Company
(Formerly known as Cambridge Technology Enterprises Inc.)

Nature of Transaction	Year ended March 31	
	2014	2013
<i>Transactions with key management personnel</i>		
Remuneration *		
-D.R.R. Swaroop	1,500,000	1,200,000
Amount Payable		
-D.R.R. Swaroop		73,778
Amount Receivables		
-D.R.R. Swaroop	-	3,30,000

Transactions with enterprises over which Control exists

Nature of Transaction	Year ended March 31	
	2014	2013
Sale of services – SmartShift Technologies Inc. (Formerly CambridgeTechnology Enterprises Inc.)	202,151,624	217,983,410
Expenses reimbursement, net- – SmartShift Technologies Inc.(Formerly CambridgeTechnology Enterprises Inc.)	497,999	37,744
Balance receivable/(payable)	101,753,939	72,432,590
Loans and advances		
Loans and advances given		
-Cambridge Technology India Pvt. Ltd.	5,305,860	25,725,104
Repayment of loans and advances		
-Cambridge Technology India Pvt. Ltd.	11,068,491	107,097,404
Balance outstanding		
- Cambridge Technology India Pvt. Ltd.	-87,134,931	-81,372,300

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

	As at March 31,	
	2014	2013
Number of shares considered as basic weighted average shares outstanding	19,631,015	19,631,015
Add: Effect of dilutive issue of stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	19,631,015	19,631,015

28. Leases*Operating Lease*

The Company hires 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.19,218,457/- (Previous year Rs. 11,883,622/-).

Finance Leases

The Company is not having any finance lease agreements as at March 31, 2014.

29. 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.

30. 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, 2014 and 2013 are as follows:

	Year ended March 31,	
	2014	2013
Remuneration*	1,500,000	1,200,000
Perquisites and Allowances	-	-
Directors sitting fee	70,000	260,000

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

31. Details of advances and loans given to subsidiary Companies

Name of subsidiary	Balance outstanding as at March 31,		Maximum balance outstanding as at March 31,	
	2014	2013	2014	2013
CTIPL(Cambridge Technology India Pvt. Ltd.)	(87,134,931)	(81,372,300)	(90,886,991)	16,489,002

32. Retirement benefits to employees*Defined contribution plan*

During year ended March 31, 2014, the Company contributed Rs. 2,528,264/- to provident fund (Previous Year Rs. 28,71,447/- was contributed to provident fund).

Defined benefit plan – gratuity and privilege leave

The amounts recognized in the balance sheet as at March 31, 2014 are as follows:

	31 st Mar'14	31 st Mar'13
Present value of funded obligations	6,583,366	5,507,863
Fair value of plan assets	-	-
Net liability	6,583,366	5,507,863
Amount in balance sheet		
Liability	6,583,366	5,507,863
Asset	-	-
Net Liability	6,583,366	5,507,863

The amounts recognized in the profit and loss account for the year ended March 31, 2014 are as follows.

	31 st Mar' 2014	31 st Mar' 2013
Current service cost	506,380	391,854
Interest cost	440,629	523,870
Expected return on plan assets		-
Recognized net actuarial loss/gain	1,080,147	342,583
Net Benefit Expense	2,027,156	1,258,307

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

	31 st Mar'2014	31 st Mar'2013
Defined benefit obligation at beginning of the year	5,507,863	6,548,370
Current service cost	506,380	391,854
Interest cost	440,629	523,870
Benefits paid	(951,653)	(2,298,814)
Actuarial loss/(gains)	1,080,147	342,583
Defined benefit obligation at end of the year	6,583,366	5,507,863

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

	31 st Mar'2014	31 st Mar' 2013
Fair value of plan assets at beginning of the year		-
Expected return on plan assets		-
Actuarial gains		-
Contribution by employer	951,653	2,298,814
Benefits paid	951,653	2,298,814
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:

	8.00%	8.00%
Discount Rate	8.00%	8.00%
Expected return on plan assets	5.00%	5.00%
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.

33. Supplementary Information

- i) The Company is having contingent service tax liability for an amount of Rs.3,25,76,183/- which is pending before Service Tax Appellate Tribunal, South Zonal Bench, Bangalore and in this connection company has received stay order dated 30th October 2013 against recovery by the Service Tax department.
- ii) For the A.Y 2009-10 disputed tax liability of Rs. 38,36,711/- is pending before honorable ITAT.

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

	Year ended March 31,	
	2014	2013
Software development and services	202,151,624	217,983,410
Total	202,151,624	217,983,410

(ii) Expenditure in foreign currency, on accrual basis

	Year ended March 31,	
	2014	2013
Travelling & Others	1,371,791	2,673,818
Total	1,371,791	2,673,818

34. 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, 2014.

35. 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.

36. Prior year comparatives.

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

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

For and on behalf of the Board of Directors

P.Murali Mohana Rao
Membership No: 023412

Stefan Hetges
Whole-time Director & CEO

D.R.R.Swaroop
Whole-time Director

Venkat Motaparthi
Director

V. Ramana Reddy
Company Secretary

Place: Hyderabad
Date: 30-05-2014

CORPORATE GOVERNANCE REPORT

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

Company's Philosophy on Corporate Governance

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

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

1. Board of Directors**a. Composition of the Board**

As on 31st March, 2014, the Board of CTEL consists of four Directors comprising two Executive and two Independent Directors. Every Director informs the Company on annual basis about their position on Board and Board Committee he occupies in other companies including Chairmanships and notifies changes as and when they take place.

The composition of the Board of Directors as on 14th August, 2014 is as under:

Name	Age	No. of other Directorships	Committee Membership ⁽¹⁾	Chairmanship in Committees ⁽²⁾
Whole Time Director				
Stefan Hetges	51	3	Nil	Nil
DRR Swaroop	55	2	3	Nil
Independent Directors				
Anand Mallipudi ⁽³⁾	47	5	2	Nil
Venkat Motaparthy	52	4	3	2
B Muralidhar ⁽⁴⁾	52	3	3	1

(1) Including memberships in Committees of CTEL

(2) Including chairmanships in Committees of CTEL

(3) Mr. Anand Mallipudi resigned w.e.f 4th February 2014

(4) Mr. B Muralidhar was appointed as Additional Director w.e.f 14th August, 2014

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

During the financial year 2013-14, five 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	Attendance in last AGM
Stefan Hetges	5	1	Present
DRR Swaroop	5	5	Present
Anand Mallipudi #	5	Nil	Present
Venkat Motaparthy	5	5	Present

Resigned w.e.f 4th February, 2014

1. Committees of the Board

The Board has the following Committees consequent to the newly enacted Companies Act, 2013:

a. Audit Committee

The Audit Committee of CTEL consists of two Independent Directors and a Whole-time Director.

The composition of the Audit Committee is as under:

- | | | |
|------------------------------|---|-----------------------------------|
| 1. Venkat Motaparty | - | Chairman |
| 2. B Muralidhar | - | Member (<i>w.e.f</i> 14/08/2014) |
| 3. Dharani Raghurama Swaroop | - | Member |

The Company Secretary acts as Secretary to the Committee.

The Committee was re-constituted on 14th August, 2014 to replace resigned member Mr. Anand Mallipudi who is a member of the Audit Committee.

During the financial year 2013-14 four Audit Committee meetings were held. Member's attendance at Committee Meetings is as below:

Committee Members	Position	Meetings held during tenure of the Member	Meetings attended
DRR Swaroop	Member	4	4
Venkat Motaparthi	Member	4	4

b. Stakeholders Relationship Committee

The Stakeholders Relationship Committee of CTEL consists of three Directors comprising two Independent Directors and a Wholetime Director. The committee meets as and when required.

The composition of the Stakeholders Relationship Committee is as under:

1.	B Muralidhar	Chairman (<i>w.e.f.</i> 14 th August, 2014)
2.	Venkat Motaparthi	Member
3.	DRR Swaroop	Member
4.	Anand Mallipudi@	Member

@ Member till 4th February, 2014

The Committee was re-constituted and re-named as "**Stakeholders Relationship Committee**" effective 14th August, 2014 from earlier known Investor Relations & Shareholders Committee in order to comply with the requirements of new Companies Act, 2013 and Listing Agreement.

The Stakeholders Relationship 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:

1. Review of the corporate actions viz., dividend payment, rights issue, split, bonus issue etc.
2. Monitoring of the work done by the Company's Registrar and Share Transfer Agents.
3. The Stakeholders Relationship Committee shall consider and resolve the grievances of security holders of the company.
4. The Chairperson of each of the Committees constituted pursuant to Section 178(5) or in his absence, any other member of the committee authorized by him in this behalf shall attend the general meetings of the company".

The Company Secretary acts as Secretary to the Committee.

During the financial year 2013-14, there were no Committee meetings held. Member's attendance at Stakeholders Relationship Committee is as below:

Committee Members	Position	Meetings held during tenure of Member	Meetings attended
Venkat Motaparthy	Chairman	Nil	Nil
D R R Swaroop	Member	Nil	Nil
Anand Mallipudi \$	Member	Nil	Nil

\$ Member till 4th February, 2014

c. Nomination and Remuneration Committee (formerly Compensation Committee)

Committee of CTEL consists of two Independent Directors and one Whole-time Director. The committee meets as and when required.

The composition of the Nomination and Remuneration Committee is as under:

1.	Venkat Motaparthy	Chairman
2.	B Muralidhar	Member
3.	DRR Swaroop	Member

The object of the Committee is to search for board membership and to ensure administration of ESOPs granted to employees of the Company including its subsidiaries expeditiously including transfer of shares on exercise of ESOPs and other additional terms of reference include the following:

1. The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
3. The Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) of Section 178 of the Companies Act, 2013 and shall ensure that-
 - a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals;
 - d. Such policy shall also be disclosed in the Board's Report".

The Company Secretary acts as Secretary to the Committee.

During the financial year 2013-14, one Nomination and Remuneration Committee meeting was held. Member's attendance at Compensation Committee is as below:

Committee Members	Position	Meetings held during tenure of Member	Meetings attended
Venkat Motaparthy	Chairman	1	1
Anand Mallipudi ^	Member	1	1

^ Member till 4th February, 2014

d. Code of Conduct

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

A copy of the said Code of Conduct is available on our website, www.ctepl.com. All the members of the Board and senior management have affirmed compliance to the Code of Conduct for the financial year ended 31st March, 2014.

e. Disclosures

a. Related Party Transactions:

Related party transactions, monetary transactions between the Company and directors, the Management, subsidiary or relatives are disclosed in the financial statements for the year ended 31st March, 2014.

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

Following table provides remuneration provided to Directors for their services during the year 2013-14 along with their shareholding and stock options:

<i>Amount in (Rs.)</i>					
Name	Salary	Allowances / Commission	Sitting Fees	No. of Shares held	Stock Options
DRR Swaroop	1,500,000	-	-	180,723	Nil
Anand Mallipudi*	-	-	-	Nil	Nil
Venkat Motaparthy	-	-	70,000	Nil	Nil

*Resigned w.e.f 4th February, 2014

f. Profile of Directors

As per Clause 49(I)(G) of the Listing agreement, following are the brief profile of director retiring by rotation during the financial year 2013-14 and Independent director(s) appointed by the Board.

Stefan Hetges, Director retiring by rotation

Stefan Hetges holds Masters in Computer from University of Constance, Germany. While he was in I-CUBE, he worked in various positions and countries as Technology Manager, Project Manager and Client Partner leading to the position of Managing Director of the German Subsidiary in 1998. The company grew to over \$100 million in revenue and went public (NASDAQ:ICUB) in 1998. In 1999, i-Cube was acquired by Razorfish Inc. He served as CEO of Razorfish Germany AG and member of the Razorfish, Inc (parent company) management team. He founded smartShift GmbH, acquired the assets of International Integration Inc., (I-

CUBE) from Razorfish Inc., in a management buyout. He occupied the position of CEO and President of smartShift GmbH where he built and patented toolset for SAP and successfully established the company in German market before occupying the position of CEO of CTE. He works on the turnaround of the companies, raising financing, and revamping company offerings.

Venkat Motaparthi, Independent Director

Venkat Motaparthi, a graduate in Pharmacy with Post graduation in Management has varied experience of over 27 years. He is serial entrepreneur and had set up companies to manufacture telecom & transmission towers, industrial fasteners and industrial chemical equipment. Currently he is the President of VKR College and Chairman of VKR, VNR and AGK Engineering Colleges. He is also Chief Executive Officer of NTR Memorial Trust. He is actively associated with Industries Association like FAPCCI, IALA and Non-Profit Organization - Anokhi Aasha.

B Muralidhar, Independent Director

B.Muralidhar is Director on Board of DS Unics Infotech Ltd and is responsible for the Finance and Accounts of the Company, he is a Commerce Graduate from Andhra University and MBA from Birla Institute of Technology and Science (BITS), Ranchi. He has played key role in setting up and scaling extensive IT hardware sales, services for the company and has all round exposure to Software deployment, maintenance and support services for customers in India. Prior to joining DS Unics, he worked with Southern Agencies, and established the dealer network for them in and across the state in South India. He is also member in the following Committees of the Board of the company viz., Audit Committee and Nomination and Remuneration Committee (formerly compensation committee). He occupies the Chairmanship in Stakeholders Relationship Committee (formerly Investors Relation & Shareholders Committee).

Dharani Raghurama Swaroop, Whole-time Director

Mr. Swaroop heads the overall operations in India and specifically responsible for all the corporate governance and statutory compliances related aspects of CTEL. Prior to his association with CTE Swaroop co-founded a successful IT Systems Integration Company with a team size of over 150 personnel. Swaroop is an M.Tech from Jawaharlal Nehru Technological University, India.

Additional Shareholders' Information

Contact Information

1. Representing Officers:
 - i. Chief Executive Officer
Stefan Hetges
 - ii. CFO, Company Secretary & Compliance Officer
V Ramana Reddy
2. Listing on Stock Exchanges, Stock Codes and Stock data.

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

3. International Securities Identification Number ("ISIN")
ISIN is a unique identification number allotted to the Company's scrip. This number has to be quoted in each transaction relating to the dematerialized equity shares of the Company. The ISIN allotted to the Company's equity shares is INE 627H01017.
4. CIN Number
The Corporate Identity Number ("CIN") of the Company, as allotted by the Ministry of 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@arthiconsultants.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, 2014:

S.No.	Name	No. of shares held	% of paid up capital
	Promoters		
1	Internet Business Capital Corporation	8,399,269	42.79
2	CellExchange Inc.	810,424	4.13
	SUB-TOTAL	9,209,693	46.92
	Public		
1	Smartshift AG	2,056,600	10.48
2	Sarosh Kersie Waghmar	630,160	3.21
3	Raymond J Lane	500,000	2.55
4	Bhaskar Panigrahi	454,423	2.31
5	D R R Swaroop(Trustee-ESOP Trust)	454,031	2.31
6	Master Trust Limited	425,904	2.17
7	Devinder Prakash Kalra	393,000	2.00
8	Girish Rajeshwar Chaitanya	341,690	1.74
9	OurVox Holdings LLC	309,920	1.58
	SUB-TOTAL	5,565,728	28.35
	Others	4,855,594	24.73
	GRAND TOTAL	19,631,015	100.00

7. Stock Data

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

Stock Exchange	BSE	NSE
High	Rs. 5.92 (2 nd April, 2013)	Rs. 5.80 (1 st April, 2013)
Low	Rs. 3.00(23 rd Sept, 2013)	Rs. 2.85 (20 th Nov, 2013)

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

S.No	Category	Holders	Holders %	No. of Shares	Amount	Amount %
1	1 - 5000	5949	84.34	884624	8846240	4.51
2	5001 - 10000	498	7.06	411667	4116670	2.1
3	10001 - 20000	254	3.60	392545	3925450	2.0
4	20001 - 30000	118	1.67	305359	3053590	1.56
5	30001 - 40000	42	0.60	150103	1501030	0.76
6	40001- 50000	49	0.69	230404	2304040	1.17
7	50001 - 100000	76	1.08	545956	5459560	2.78
8	100001 & Above	68	0.96	16710357	167103570	85.12
	Total	7054	100.00	19631015	196310150	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.

Total number Demat and physical shares as on 31st March, 2014 is as below:

S.No.	Mode	No. of shares	% of total paid up
1	Demat (NSDL)	1,30,34,724	66.40
2	Demat (CDSL)	55,30,547	28.17
3	Physical	10,65,744	5.43
	TOTAL	1,96,31,015	100.00

10. Secretarial Audit

For the year ended 31st March, 2014, a qualified Practicing Company Secretary carried out secretarial audits to reconcile the total admitted equity share capital with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

11. Unclaimed Dividends

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

Financial year in which Dividend declared	Date of Declaration of dividend	Last date for claiming unpaid dividend	Total Unclaimed amount as on 31 st March, 2014	Due date for transfer to Investor Education and Protection Fund
2007-08	23 rd October, 2008	22 nd October, 2015	Rs. 84,046/-	21 st November, 2015.

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

12. General Body Meetings

a. Last three Annual General Meetings.

Year	Date and Time	Location
2012-13	30 th December, 2013	Hotel Aditya Park Inn. Senate-I, Aditya Trade Centre, Ameerpet, Hyderabad - 500038 Andhra Pradesh
2011-12	28 th September, 2012	Ruby Hall, 5 th Floor, Quality Inn Pearl, Lumbini Layout, Gachibowli, Hyderabad - 500032
2010-11	30 th September 2011	The Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), Federation House, 11-6-841, Red Hills, FAPCCI Marg, Hyderabad 500004

13. Means of Communication

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

1 st Quarter	6 th week from end of June, 2014
2 nd Quarter	6 th week from end of September, 2014
3 rd Quarter	6 th week from end of December, 2014
4 th Quarter	6 th week from end of March, 2015

- 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. **North America**

USA

Topeka

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

b. **India**

- i. Unit No. 04-03, Level 4, Block I, "Cyber Pearl" Hitec City, Madhapur, Hyderabad - 500 081.
ii. No.6/1, Old Svy. No.39/2, 2nd Floor, Sagar Complex, Bannerghatta Road, Bangalore-560029.
iii. #2987, 1st Floor, 13th Main Road, Z Block, 1st Street, Shanti Colony, Anna Nagar, Chennai 600-040.
iv. Level 4, A-Wing, Dynasty Business Park, Andheri-Kurla Road
Andheri (E), Mumbai - 400059 Maharashtra.

Cambridge Technology Enterprises Limited

CIN: L72200AP1999PLC030997

Regd. Off: Unit No. 04-03, Level 4, Block I, Cyber Pearl, Hitec City,
Madhapur, Hyderabad - 500081.

Tel. 040-40234400 E-mail: investors@ctepl.com website: www.ctepl.com

ATTENDANCE SLIP

(to be presented at the entrance)

15th Annual General Meeting held on Monday the 29th December, 2014 at 10.30 a.m at "Ruby Hall", 5th Floor, Hotel Pearl Inn, Plot #15 to 18, Lumbini Layout, Gachibowli, Hyderabad - 500032, Telangana State.

Folio No.	
DPID No.	
Client ID No.	
Name of the Member	
Signature	
Name of the Proxy Holder	
Signature	

1. Only Member/Proxy holder can attend the meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report to refer at the Meeting.

Cambridge Technology Enterprises Limited

CIN: L72200AP1999PLC030997

Regd. Off: Unit No. 04-03, Level 4, Block I, Cyber Pearl, Hitec City, Madhapur, Hyderabad - 500081.

Tel. 040-40234400 E-mail: investors@ctekl.com website: www.ctekl.com

**FORM NO. MGT-11
PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :

Registered Address :

.....

Email ID :Folio No. / DP ID and Client ID:.....

I/We, being the Member(s), holding shares of the above named Company, hereby appoint.

1. Name : 2. Name : 3. Name :

Address : Address : Address :

.....

.....

Email ID : Email ID : Email ID :

Signature or failing him Signature or failing him Signature or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **15th Annual General Meeting** of the Company, to be held on Monday, 29th Day of December, 2014 at 10.30 a.m., at "Ruby Hall", 5th Floor, Hotel Pearl Inn, Plot #15 to 18, Lumbini Layout, Gachibowli, Hyderabad - 500032, Telangana State. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description	Type of Resolution	Optional*	
			For	Against
1	Adoption of Accounts	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
2	Appoint director in the place of Mr. Stefan Hetges who retires by rotation and being eligible, offers himself for re-appointment	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
3	Appointment of Statutory Auditors	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
4	Appointment of Mr. Venkat Motaparthi as an Independent Director	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
5	Appointment of Mr B Muralidhar as an Independent Director	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>
6	Appointment of Mr. Dharani Raghurama Swaroop as Whole-time Director	Ordinary	<input type="checkbox"/>	<input type="checkbox"/>

Signed thisday of, 2014

Signature of Shareholder:.....

Signature of Proxy holder(s):.....



Notes:

- * This is only optional. Please put 'X' in the Box in the appropriate column against the respective resolution. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.**
- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	Cambridge Technology Enterprises Limited
2	Annual Financial Statements for the year ended	31 st March, 2014
3	Type of Audit observation	i) Unqualified
4	Frequency of observation	N.A.
5	To be signed by- CEO/Managing Director	 (Stefan Hetges - Whole-time Director & CEO)
	CFO	For CAMBRIDGE TECHNOLOGY ENTERPRISES LTD  V. Ramana Reddy CFO & Company Secretary (V Ramana Reddy, Company Secretary)
	Auditors of the Company	For P. Murali & Co., Chartered Accountants  Partner (P.Murali Mohana Rao - Partner) P. Murali & Co.,
	Audit Committee Chairman	 (Venkat Motaparthy) Chairman - Audit Committee

BOOK-POST

Printed Matter

www.ctepl.com

CTE CAMBRIDGE TECHNOLOGY ENTERPRISES

If undelivered please return to:

Cambridge Technology Enterprises Ltd.

Registered Office

Unit No 04 -03, Level 4, Block 1,
Cyber Pearl, Hitec City, Madhapur,
Hyderabad - 500 081, Telangana State
Phone: +91-40-4023 4400
Fax: +91-40-4023 4600
CIN: L72200AP1999PLC030997

2014
Annual Report