

C | T | E™

Cambridge Technology Enterprises Ltd

JUST WIN



ANNUAL REPORT 2006-07

NOTICE

Notice is hereby given that 8th Annual General Meeting of the members of Cambridge Technology Enterprises Ltd will be held on Saturday the 29th day of September, 2007 at Hotel Aditya Park Inn, Senate 1&2, Aditya Trade Centre, Ameerpet, Hyderabad - 500 038 at 11.00 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, 2007 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bhaskar C Panigrahi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. DRR Swaroop who retires by rotation and being eligible offers himself for re-appointment.
4. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
RESOLVED THAT M/s Walker, Chandio & Co., Chartered Accountants, 53A, Sagar Society, Road No.2, Banjara Hills, Hyderabad ..500 034, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting in place of the retiring auditors M/s Narven Associates, Chartered Accountants, Hyderabad, who have opted not to be re-appointed, for auditing the accounts of the Company for the financial year 2007-2008 and in this regard, the Board of Directors/Committee of the Board be and are hereby authorized to fix their remuneration plus traveling and other out of pocket expenses incurred by them in connection with statutory audit and/or continuous audit and also such other remuneration, as may be decided to be paid by the Board of Directors/Committee of the Board of Directors, for performing duties other than those referred to herein above .

Special Business

5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
RESOLVED THAT Mr. R. Natarajan, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office up to the date of this Annual General Meeting in pursuance of Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the company liable to retire by rotation .
6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
RESOLVED THAT Mr. H.K. Katti, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office up to the date of this Annual General Meeting in pursuance of Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the company liable to retire by rotation .
7. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
RESOLVED THAT Mr. Kamlesh S Gandhi, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office up to the date of this Annual General Meeting in pursuance of Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the company liable to retire by rotation .
8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
RESOLVED THAT, pursuant to Section 163 of the Companies Act, 1956 the Company hereby approves that the register of members,

indexes, returns and copies of certificates and documents, instead of being kept at the registered office of the Company at Plot No.1244, Road No.36, Jubilee Hills, Hyderabad ..500 033 be kept at M/s Bigshare Services Private Ltd, G-10, Left Wing, Amrutha Ville, Opp. Yashoda Hospital, Rajbhavan Road, Hyderabad ..500 082 where the necessary registers, indexes, returns as mentioned above shall remain open for inspection during business hours of the Company from 9.30 a.m. to 4.30 p.m. except Saturdays .

9. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT the Directors of the Company other than the Managing / Whole-time Director(s) be collectively granted up to 50,000 stock options in aggregate at any point of time during the financial years starting from financial year 2007-2008 and ending with financial year 2011-2012 and out of which up to 20,000 stock options be granted in a financial year to all the above Directors collectively under any of the stock option plans, either existing or to be framed in future, on such terms and conditions as the Board of Directors may in its absolute discretion think fit .

10. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 81, 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force and pursuant to relevant provisions of the Securities and Exchange Board of India (Disclosure of Investor Protection) Guidelines, 2000 (Guidelines) as in force and subject to all other applicable rules, regulations and guidelines of the Securities and Exchange Board of India (SEBI), the applicable provisions of Foreign Exchange Management Act, 1999 (FEMA), Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to requisite approvals, consents, permissions and/or sanctions of SEBI, the Stock Exchanges, Reserve Bank of India (RBI), and all other authorities as may be required, whether in India or outside India, (hereinafter collectively referred to as Appropriate Authorities), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and/or sanction (hereinafter referred to as Requisite Approvals), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the consent of the Members of the Company be and is hereby accorded to the Board at their absolute discretion to create, offer, issue and allot in one or more tranches, in the course of domestic/international offerings to Domestic/Foreign Investors / Institutional Investors / Foreign Institutional Investors, Trusts, Mutual Funds, Banks, Financial Institutions, Insurance Companies, Pension Funds, retail public or otherwise, whether Members of the Company or not, such number of Global Depository Receipts (GDRs) or /American Depository Receipts (ADRs), Qualified Institutional Placements (QIPs), Foreign Currency Convertible Bonds (FCCBs), with or without green shoe option, Equity shares and / or Equity shares (through Depository Receipt Mechanism or directly to investors) and / or any other financial instruments convertible into Equity Shares or otherwise, in registered or bearer form and / or any security convertible into Equity Shares, securities, linked to Equity shares and / or securities with or without detachable warrants with right exercisable by the warrant holders to convert or subscribe to Equity Shares (all of which are hereinafter collectively referred to as Securities) or any combination of Securities secured or unsecured, whether listed on any stock exchange inside India or any international stock exchange outside India, through Public Issue(s) of prospectus, private placement(s), or such other combination thereof,

as the Board in its sole discretion may at any time or times hereafter decide, for an amount not exceeding Rs.500 crores (Rupees Five Hundred Crores only) or equivalent in any other foreign currency, inclusive of such premium as may be decided from time to time .

RESOLVED FURTHER THAT in case of any equity linked issue/ offering, including, without limitation, any Equity shares, GDRs/ADRs / QIPs / FCCBs, and such other securities convertible into equity shares, consent of the Members of the Company be and is hereby accorded to the Board to issue and allot such equity shares for an amount not exceeding Rs. 500 Crores (Rupees Five Hundred crores only) or equivalent in any other foreign currency, as may be required to be issued and allotted upon conversion, redemption or cancellation of any such Securities referred to above or as may be in accordance with the terms of issue/offering in respect of such Securities and such equity shares which shall rank pari passu with the existing equity shares of the Company in all respects except provided otherwise under the terms of issue / offering and in the offer document and/or prospectus and / or offer letter and / or offering circular and / or listing particulars .

RESOLVED FURTHER THAT the Company and / or any entity, agency or body authorized and / or appointed by the Board, may issue depository receipts representing the underlying Securities issued by the Company in negotiable, registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability and free transferability thereof as per international practices and regulations (including listing on one or more stock exchange(s) inside or outside India) and under the forms and practices prevalent in the international market .

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the consent of the Members of the Company be and is hereby accorded to the Board, in consultation with the Lead Managers, Underwriters, Advisors and / or other persons as appointed for the purpose, to determine the form, terms and timing of the issue(s)/ offering(s) including the investors to whom the Securities are to be allotted, issue price, face value, number of equity shares or other securities upon conversion or redemption or cancellation of the Securities, the price, premium or discount on issue/ conversion of securities, rate of interest, period of conversion, listing on one or more Stock Exchanges in India and / or abroad and fixing of record date or book closure and related or incidental matters, as the Board in its absolute discretion deem fit and accept any modifications in the proposal as may be required by the authorities in such issues in India and / or abroad .

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board is authorized on behalf of the Company to take all actions and to do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of the aforesaid Securities and listing thereof with the stock exchange(s) where the Company's shares are listed or proposed to be listed and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the aforesaid Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution .

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or the Chairman or any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution .

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

RESOLVED THAT in supersession of the resolution at the Annual General Meeting of the Company held on 21st April, 2006 and pursuant

to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow, from time to time, any sum or sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed aggregate of the paid-up capital of the company and its free reserves not set apart for any specific purpose, provided that the total amount of moneys so borrowed shall not, at any time exceed the limit of Rs. 200 crores (Rupees Two Hundred Crores only) .

RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required .

12. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 372A and any other applicable provisions, if any, of the Companies Act, 1956 (the Act) including any statutory modification or re-enactment thereof for the time being in force, the Board of Directors of the Company be and is hereby authorized to invest an amount aggregating to approximately US \$ 3 (three) Million representing the total issued and outstanding stock in the capital of Reilly & Associates Inc. being purchase consideration for acquisition of M/s Reilly & Associates Inc., as 100% wholly owned subsidiary of the company pursuant to Letter of Intent dt. 22nd February, 2007, notwithstanding the fact that such investment together with all other investments made by the company exceeds 60% of the paid-up share capital and Free Reserves of the investing company or 100% of the Free Reserves of the investing company whichever is higher, as prescribed under Section 372A of the Companies Act, 1956".

RESOLVED FURTHER THAT the Board be and is hereby authorized from time to time to take all decisions and steps in respect of the above investment including the timing, amount and other terms and conditions of such investment as may deem appropriate, and to do and perform all such acts, deeds, matters and things, as may be necessary or expedient in this regard and to exercise all the rights and powers which would vest in the company in pursuance of such investment .

13. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification thereto or re-enactment thereof for the time being in force) and in accordance with the provisions of Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with Stock Exchanges where the Securities of the Company are listed, and subject to the approval, consent, permission and/or sanction, as may be required from the Reserve Bank of India (RBI), FIPB or SIA, Securities and Exchange Board of India ("SEBI"), Financial Institutions, and any other appropriate authority, Institution or Body and subject to such terms, conditions, alterations, corrections, changes, variations and/or modifications, if any, as may be prescribed by any one or more or all of them in granting such approval, consent, permission and/or sanction, the consent of the Company be and is hereby accorded to the Board of Directors of the Company hereinafter referred to as the "Board" which term shall be deemed to include any Committee duly constituted by the Board of Directors or any Committee which the Board of Directors may hereafter constitute, to exercise one or more of its powers (including the powers conferred by this resolution) to create, offer, issue and allot upto 42,50,000 Equity Warrants convertible into 42,50,000 equity shares on preferential basis, of Rs.10/- each at a price of Rs. 55/- per share, for cash consideration (inclusive of premium of Rs. 45/- per share) being the price which is in accordance with the SEBI Guidelines for preferential issues aggregating to Rs. 23,37,50,000/- and which can be convertible into equity shares with in a period not exceeding eighteen months (18 months) from the date of allotment of Equity

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Warrants in accordance with SEBI (DIP) Guidelines to the following allottee(s) as detailed herein below:

Sl. No.	Name of the Allottee	Category	No. of Equity warrants to be allotted
1.	M/s Rosebury Investments Pte Ltd	Non-Promoter	19,50,000
2.	Prime Genius Investments Pte Ltd	Non-Promoter	23,00,000
	Total		42,50,000

RESOLVED FURTHER THAT the equity shares issued on conversion of the warrants shall rank pari-passu with the existing equity shares of the Company in all respects including payment of dividend".

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the above mentioned Equity Warrants upon conversion on the stock exchanges where the company's shares are listed, as per the terms and conditions of the listing and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT the 'Relevant Date' as per the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as applicable from time to time for the determination of applicable price for issue of Equity Warrants, is 29th August, 2007.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of Warrants in accordance with the terms of the offer".

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and resolve any doubts or questions that may arise in the issue and allotment of Warrants, to effect any modification(s) to the foregoing (including any modification to the terms of the issue) in the best interest of the company and its shareholders and to execute all such writings and instrument(s) as the Board may in its absolute discretion deem necessary or desirable".

14. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

Increase of authorized share capital:

RESOLVED THAT pursuant to the provisions of Section 94(1)(a) of the Companies Act, 1956 approval of the members be and is hereby accorded to increase the authorized share capital of the company from Rs.20,00,00,000/- (Twenty Crores only) divided into 2,00,00,000 (Two Crore only) equity shares of Rs.10/- each (Rupees Ten only) each to Rs. 30,00,00,000/- (Thirty Crore only) divided into 3,00,00,000 (Three Crore only) equity shares of Rs.10/- (Rupees Ten only) each by creation of 1,00,00,000 further equity shares of Rs.10/- each ranking pari-passu with the existing equity shares".

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

Alteration of Capital Clause of the Memorandum of Association:

RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby deleted and in its place the following Clause V be substituted:

V "The Authorised Share Capital of the company is Rs. 30,00,00,000/- (Rupees Thirty Crore only) divided into 3,00,00,000 (Three Crore only) equity shares of Rs.10/- (Rupees Ten only) each.

The Company shall have power to increase or reduce the capital and to issue any shares with special rights or privileges as to voting, dividend, repayment of capital or otherwise or to subject the share to any restriction, limitation and conditions and to vary, modify or abrogate any such rights, privileges, restrictions or conditions. The rights of the

holders of any class of shares for the time being forming part of the capital of the company may be modified, affected, varied, extended or surrendered".

For and on behalf of the Board

Place: Bangalore
Date: 4th September, 2007

Sd/-
T N Kannan
Company Secretary

Notes

1. A member of the company entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.
2. The Proxy form, in order to be effective, must be deposited at the Registered office of the Company not less than 48 hours before commencement of the meeting.
3. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special business is annexed hereto.
4. The Register of Members and Share Transfer books will remain closed from Wednesday, 26th September, 2007 to Saturday, 29th September, 2007 (both days inclusive) in connection with the Annual General Meeting to be held on Saturday, the 29th day of September, 2007.
5. All documents referred to in the notice are open for inspection at the registered office of the company between 11.00 a.m. to 1.00 p.m. on any working day prior to the date of the meeting and also at the meeting venue.
6. 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.
7. Members desiring to seek any information / clarifications on the Annual accounts are requested to write to the company atleast 7 (seven) days before the AGM to enable the management to compile and keep the information ready.
8. 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.
9. 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.

Explanatory statement

(Pursuant to section 173(2) of the companies act, 1956).
(Forming part of the AGM Notice dated 31st July, 2007)

Item No. 4

Currently, the company's accounts are being audited by M/s Narven Associates, Chartered Accountants, Hyderabad who hold office until the conclusion of the ensuing Annual General Meeting.

M/s Narven Associates vide their letter dated 25th July 2007 have expressed their intention not to opt for re-appointment at this meeting. The Board places on record its appreciation for the services rendered by M/s Narven Associates as the statutory Auditors of the company since inception.

In accordance with the provisions of Sections 190 and 225 of the Companies Act, 1956 a Special Notice from a Member of the Company signifying his intention to propose the name of M/s Walker, Chandiook & Co as the Statutory Auditors of the company has been received as required under the above referred Sections.

Accordingly, the Board of Directors of the company, on the recommendations of the Audit Committee, proposes the appointment of M/s Walker, Chandio & Co, Chartered Accountants, Hyderabad as the Statutory Auditors of the company, who will hold office as such from the conclusion of this Meeting until the conclusion of the next Annual General Meeting.

M/s Walker, Chandio & Co have expressed their willingness to act as the Statutory auditors of the Company and have further confirmed that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Approval of the Members is being sought by means of an Ordinary Resolution for the appointment of M/s Walker, Chandio & Co as the statutory auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and their remuneration would be decided by the Board of Directors.

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

Your Directors commend the resolution for approval.

Item No. 5

Mr. R. Natarajan was appointed as additional director by the Board in its meeting held on 25.4.2006. In terms of Section 260 of the Companies Act, 1956. Mr. R. Natarajan holds office up to the date of this Annual General Meeting of the company. Notice under section 257 of the Companies Act, 1956 has been received from a member of the Company alongwith the requisite deposit proposing the candidature of Mr. R. Natarajan, for the office of Director whose term of office is liable to retire by rotation.

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

Your Directors commend the resolution for approval.

Item No. 6

Mr. H.K. Katti was appointed as additional director by the Board in its meeting held on 30.4.2006. In terms of Section 260 of the Companies Act, 1956. Mr. H.K. Katti, holds office up to the date of this Annual General Meeting of the company. Notice under section 257 of the Companies Act, 1956 has been received from a member of the Company alongwith the requisite deposit proposing the candidature of Mr. H.K. Katti, for the office of Director whose term of office is liable to retire by rotation.

None of the directors except Mr. H.K. Katti is deemed to be interested or concerned in the said resolution.

Your Directors commend the resolution for approval.

Item No. 7

Mr. Kamlesh S Gandhi was appointed as additional director by the Board in its meeting held on 31st July, 2007. In terms of Section 260 of the Companies Act, 1956, Mr. Kamlesh S Gandhi holds office up to the date of this Annual General Meeting of the company. Notice under section 257 of the Companies Act, 1956 has been received from a member of the Company alongwith the requisite deposit proposing the candidature of Mr. Kamlesh S Gandhi, for the office of Director whose term of office is liable to retire by rotation.

None of the directors except Mr. Kamlesh S Gandhi is deemed to be interested or concerned in the said resolution.

Your Directors commend the resolution for approval.

Item No. 8

Subsequent to the Allotment and Listing of the equity shares at BSE and NSE, the Register of Members and Share Transfer Books of the Company and other Returns are required to be maintained by the Registrar and Share Transfer Agents M/s Bigshare Services Pvt. Ltd., at its Hyderabad Branch office. Hence, the company proposes to maintain the Register of Members and Share Transfer Books of the Company at the office of the Registrar and share transfer agent in Hyderabad.

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

Your Directors commend the resolution for approval.

Item No. 9

Keeping in view the growing demand for independent directors and in order to attract and retain the professional talents/expertise, the Board of Directors proposed to implement and grant Stock Options to the directors other than Managing / Whole-time directors.

The Company has Employee Stock Option Scheme, which covers employees and Whole-Directors of the Company and employees of its subsidiaries.

As per the revised Clause 49 of the listing agreement, which has come into effect from January 1, 2006, it is now mandatory for the companies to seek approval of the Shareholders to specify the limit on the number of stock options that can be granted to non-executive Directors including Independent Directors, in any financial year and in aggregate. Resolution under Item No. 9 of the Notice specifies the limits for the maximum number of stock options that can be granted to independent Directors of the Company, in any financial year and in aggregate.

None of the Directors except Non-Executive Directors is deemed to be interested or concerned in the said resolution.

Your Directors commend the resolution for approval.

Item No. 10

The Company is considering various growth opportunities through acquisitions both in US market and in India. Towards this, the company plans to augment long-term resources to strengthen its financial position, to meet its growth objectives. Hence, it is accordingly proposed to issue securities in the domestic / international markets as set out in the above resolution.

As per Section 81, 81(1A) of the Companies Act, 1956 approval of the members is being sought as the allotment or issue of further shares will be offered to persons/entities who are other than the existing shareholders. Further Listing Agreement executed by the Company with the Stock Exchanges viz., BSE and NSE also provide that the company shall issue or offer in the first instance all Securities to the existing Equity shareholders of the company unless the shareholders decide otherwise.

Hence, the above resolution is being proposed as a Special resolution to obtain consent of the shareholders authorizing the Board of Directors to make the proposed issue of Securities and in the event it is decided to issue Equity shares/Securities convertible into Equity shares, to issue to the holders of such Convertible Securities in such manner and such number of equity shares on conversion etc., as may be required to be issued in accordance with the terms of the issue.

None of the directors is deemed to be interested or concerned in the said resolution except to the extent of their respective shareholding in the Company.

Your Directors commend the resolution for approval.

Item No. 11

Section 293(1)(d) of the Act provides that the Board of Directors cannot, except with the consent of the Company in General Meeting, borrow moneys together with the moneys already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), in excess of the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose.

At the Annual General Meeting of the Company held on 21st April, 2006 the members had authorized the Board of Directors to borrow moneys for an amount not exceeding Rs. 15 Crores. In order to enable the Board of Directors, as and when required, to meet the requirement of funds for future expansion / growth plans or any other corporate purpose, it is proposed to increase the borrowing limit upto Rs. 200 crores (apart from temporary loans) as mentioned in item 11 of the notice.

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

Your Directors commend the resolution for approval.

Item No. 12

In order to achieve substantial inorganic growth and to capture emerging business opportunities your Company has decided to acquire M/s Reilly & Associates Inc. as 100% wholly owned subsidiary and completed signing of Letter of Intent on 22/2/2007 subject to approval of the shareholders and other legal formalities for closing the acquisition deal.

A brief profile of M/s Reilly & Associates Inc., is as under:

Reilly & Associates Inc., is an established Subject Matter Expert (SME) for Oracle Process Manufacturing implementations for Big 4, Medium and smaller consulting firms with vast experience in working with mid-sized companies and has a client base of over 60. Reilly & Associates Inc., is also a certified Oracle solution partner specializing in the implementation of Oracle's e-business suite in Process Manufacturing Companies.

This acquisition would potentially bring in additional revenue in the ERP segment to your Company for the current financial year 2008, augment the Company's SOA migration services portfolio & bring the combined entity closer to the Company's vision of being a go-to IT partner for mid-sized enterprises. While Reilly & Associates Inc., would enrich the Company with its expertise in Oracle Financials, Customer Relationship Management (CRM), Enterprise Asset Management (EAM), Oracle Process Manufacturing (OPM) and Oracle Accelerators, which benefits Company's customers, it also opens up avenues of providing value added SOA migration & global delivery services to the Reilly's existing customer base.

The proposed Investments in shares and Securities of the said Body Corporate would exceed 60% of the paid up Share Capital and Free Reserves of the Company or 100% of Free Reserves of the Company whichever is higher pursuant to the provisions of Section 372A of the Companies Act, 1956. Hence, approval of the Members is being sought by passing the proposed resolution as a Special Resolution at this meeting.

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

Your Directors commend the resolution for approval.

Item No.13

As per Section 81(1A) of the Companies Act, 1956, approval of the shareholders in the General Meeting is required for issue and allotment of warrants which are convertible into equity shares, on preferential basis and hence the resolution is placed before the shareholders.

The Company proposes to allot and issue 42,50,000 Convertible Warrants of Rs.10/- each at a price of Rs. 55/- per equity share (including premium of Rs.45/-) as per SEBI pricing formula to M/s Rosebury Investments Pte Ltd & Prime Genius Investments Pte Ltd for cash consideration who belong

to Non-Promoter category on preferential basis subject to necessary approval of RBI/FIPB etc., and other Government/statutory approvals, if any.

As per regulation 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as applicable from time to time, the required details are furnished as under:

1. Objects of the issue:

The Company intends to raise the funds to meet the following requirements:

- Expansion of IT infrastructure and facilities.
- Expansion of Global operations and Market Reach.
- IP Creation, Re-usable components library.
- Mergers and Acquisitions (M&A) integration and growth activities.

2. Pricing:

The issue price of warrants on preferential basis shall be at a price of Rs.55/- per share including a premium of Rs.45/- per share which is the price arrived at as per SEBI Guidelines for preferential issues for the time being in force. Statutory Auditors' Certificate in accordance with Regulation 13.5.1 of SEBI Guidelines will be placed at the AGM for inspection.

3. Payment & Conversion Terms:

An amount equal to 10% of the value of the warrants is to be paid together with application. The balance is payable at the time of conversion. In case the option is not exercised within a period of 18 months from the date of issue of warrants, the application money will be forfeited by the company. The warrants are converted at the option of the allottee on payment of the balance amount of the issue price at any time within the period of 18 months.

The amount received from the allottees can be adjusted towards outstanding dues if any, payable by the company on such terms and conditions and in such manner as the Board may think fit.

4. Intention of Promoters / Directors / Key Management Persons to subscribe to the offer:

None of the Promoter / Director / Key Management Person is interested in the said transaction and they do not intend to subscribe the offer.

5. Relevant Date:

"Relevant Date" for this purpose is 29th August, 2007 which is 30 days prior to the date of this meeting of the Members of the Company.

6. Shareholding Pattern of the Company before and after the proposed allotment of equity warrants upon conversion would be as under:

Category Code	Category of shareholder	Pre-Issue		Post-Issue	
		No. of Equity Shares	% of Holding	No. of Equity Shares	% of Holding
(A)	Shareholding of Promoter Group:				
(2)	Foreign				
a.	Individuals (Non-Resident Individuals/Foreign Individuals)	2626927	16.60	2626927	13.08
b.	Bodies Corporate	7180204	45.37	7180204	35.77
	Total Shareholding of Promoter Group	9807131	61.97	9807131	48.85
(B)	Public Shareholding				
(I)	Institutions:				
f.	Foreign Institutional Investors	644780	4.07	644780	3.21
	Sub-Total (B) (1)	644780	4.07	644780	3.21
B (2)	Non-Institutions:				
a.	Bodies Corporate	770649	4.87	770649	3.84

b.	Individuals:				
I.	Individuals - i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	2376919	15.02	2376919	11.84
II.	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	228371	1.44	228371	1.14
c-i	Clearing Member / House	99853	0.63	99853	0.50
c-ii	NRI	94169	0.60	94169	0.47
c-iii	Trust	1500000	9.48	1500000	7.47
c-iv	Foreign National	226071	1.43	226071	1.13
c-v	Foreign Company	76472	0.48	4326472	21.55
	Sub-Total B (2)	5372504	33.95	9622504	47.93
	Total (A + B)	15824415	100.00	20074415	100.00

7. Proposed time within which the allotment shall be complete:

As per SEBI Guidelines, the allotment of convertible warrants shall be completed within 15 days from the date of passing of the above Resolutions. Provided that where the allotment is pending on account of any regulatory authority or from the Central Government, the allotment will be completed within 15 days on receipt of such approval.

8. The identity of the proposed allottees and the percentage of the preferential issue that may be held by the allottees:

Sl. No.	Name of the allottees	Category	Pre-Issue	% to Total	Post Issue	% to Total Equity
1.	M/s Rosebury Investments Pte Ltd	Non-Promoter	Nil	Nil	1950000	9.71
2.	Prime Genius Investments Pte Ltd	Non-Promoter	Nil	Nil	2300000	11.46
	Total				4250000	21.17

9. Auditor's Certificate:

A certificate as required under SEBI Guidelines certifying that the proposed issue is being made in accordance with the requirements contained in SEBI Guidelines has been obtained from the Auditors of the Company.

10. Lock-In:

The convertible warrants to be allotted on preferential basis shall be subject to lock-in as per applicable SEBI Guidelines in this behalf.

11. None of the proposed allottees hold any shares in the company and hence the disclosure as to the status on sale of shares by them does not arise.

12. The Parties in the proposed allotment are not connected to each other in any way and are acting independently.

13. Change in Management:

The issue of Equity Warrants on preferential basis will not result in any change in the management or control of the Company. However there will be corresponding changes in the shareholding pattern as well as voting rights consequent to preferential allotment.

The consent of the members is being sought under Section 81(1A) of the Companies Act, 1956, and other applicable provisions of the Listing Agreements executed by the company with the Stock Exchanges where the company's shares are listed.

Other terms and conditions as may be prescribed by the Board at its absolute discretion as it may consider fit.

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

Your Directors commend the resolution for approval.

Item No. 14 & 15

The present authorized capital of the Company is Rs. 20,00,00,000/- (Twenty Crore only) divided into 2,00,00,000 (Two Crore only) equity shares of Rs.10/- (Rupees Ten only) each. In view of the proposed issue of convertible warrants on preferential basis, it is decided to increase the authorized equity share capital by creation of 1,00,00,000 additional equity shares of Rs.10/- each.

Pursuant to provisions of Section 94(2) and other applicable provisions of the Companies Act, 1956 the power to increase the authorized share capital has to be exercised by the company in general meeting. Accordingly, approval of the shareholders of the company is required for increasing the authorized share capital of the company. In accordance with the provisions of Section 16, 31 and other applicable provisions of the Companies Act, 1956 consequent alteration in the capital clause in the Memorandum of Association as per item 15 also requires the approval of the shareholders at a general meeting.

Pursuant to provisions of Section 94 and other applicable provisions of the Companies Act, 1956 the increase in share capital of shares has to be approved by the company in a general meeting. Accordingly, approval of the shareholders of the company is sought for increasing the authorized share capital of the company.

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

Your Directors commend the resolution for approval.

For and on behalf of the Board

Place: Bangalore
Date: 4th September, 2007

Sd/-
T N Kannan
Company Secretary

Registered Office: Plot No. 1244, Road No. 36, Jubilee Hills, Hyderabad - 500 033.

Eighth Annual General Meeting ..September 29, 2007

[illegible]

Signed thisf f f f f f f f f f f ..day off f f f f f f f f ..2007.

Signature of member

Note: This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered office of the Company, not less than 48 hours before the meeting.

Affix Re.1/-
Revenue
Stamp

Registered Office: Plot No. 1244, Road No. 36, Jubilee Hills, Hyderabad - 500 033.

Eighth Annual General Meeting ..September 29, 2007

[illegible]

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I hereby record my presence at the Eighth Annual General Meeting of the Company held at Hotel Aditya Park Inn, Senate 1&2, Aditya Trade Centre, Ameerpet, Hyderabad - 500 038 on Saturday, September 29, 2007 at 11.00 a.m.

Name of the member / proxy
(in BLOCK letters)

Signature of member / proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting. Members are requested to bring their copy of the Annual Report to the meeting.

PRINTED MATTER
BOOK-POST

If undelivered, please return to:



Cambridge Technology Enterprises Ltd

Registered Office

Plot No. 1244, Road No. 36,
Jubilee Hills, Hyderabad - 500 033.

URL: www.ctepl.com

Board of Directors

Mr. Bhaskar C Panigrahi	-	Chairman & CEO
Mr. Krishna P Nangegadda	-	Whole-Time Director
Mr. D R R Swaroop	-	Whole-Time Director
Mr. Kamlesh S Gandhi	-	Director
Mr. R Natarajan	-	Director
Mr. H K Katti	-	Director

Committees of the Board

Audit Committee

Mr. R Natarajan	-	Chairman
Mr. D R R Swaroop	-	Member
Mr. H K Katti	-	Member

Investor Relation & Shareholders Committee

Mr. H K Katti	-	Chairman
Mr. R Natarajan	-	Member
Mr. D R R Swaroop	-	Member

Compliance Officer

Mr. T N Kannan	-	Company Secretary
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Auditors

M/s Narven Associates
Chartered Accountants
313, Lingapur House, Himayatnagar
Hyderabad - 500 029.

Registrar & Share Transfer Agents

M/s Bigshare Services Private Ltd
G-10, Left Wing, Amrutha Ville,
Opp.Yashoda Hospital, Rajbhavan Road,
Hyderabad - 500 082.

Bankers

UTI Bank Limited
6-3-879/B, Greenlands
Begumpet Main Road
Hyderabad - 500 016.

Registered Office & Software Development Center

Plot No. 1244, Road No. 36
Jubilee Hills, Hyderabad - 500 033.

URL: www.ctepl.com

Chairman's Message



Dear Shareholders,

This year has been exceptionally good for CTE. Our vision of 'To be the Go To IT partner for midsize enterprises or midsize business units of G2000 enterprises' will soon transform into reality with our SOA driven Business Transformation model. The first step towards sustainability is a consistent and growing benchmark of performance. We have had sustainable revenue and profitability during the last five years and the total growth in revenue for the year 2006-2007 has been 69.07% and the growth in profit has been 54.43%. We have posted a growth in revenue of 78 % and growth in profit after tax of 44 % Q on Q on a consolidated basis for the FY 2008.

Our track record of delivering comprehensive solutions based on our technological and industry expertise has helped in forging strong relationships with our larger customers and ensured that we gain a significant portion of our revenue from repeat orders.

In the FY 2006-2007 our top 5 clients contributed 80% of the total revenues, and for the last quarter i.e. Q1 of the FY 2008, the top 5 customers contributed 50% of the total consolidated revenue. In our efforts to broaden domain expertise set into a new vertical - Healthcare by signing a contract with ProVention, an information and professional services company offering customized data and support to the health care. With joint campaigns to win more 'Systems Integration' businesses in the health care domain, your company and ProVention will explore opportunities in the healthcare space.

We have successfully completed a strategic acquisition this year that should propel the business to greater heights. With the acquisition of ComCreation, your company has added new stream of managed services with Hi - Tech as a vertical in its service offerings to the customers. It has not only doubled our headcount, but expanded our offshore capabilities paving way to the IT hub of India, Bangalore. These development centres in Bangalore, apart from serving our existing customers also help us to generate new businesses and allow us to respond quickly to fulfill customer requests. With this acquisition, we intend to add products offering to our already existing services domain.

To support this growth, the most important element is manpower. We have scaled up and will continue to build the talent pool. We have already expanded our sales force to cope with the market demand. Our aim is to be a preferred employer, beyond our own industry. Your company's employee retention rates are one of the highest in the mid-size space reflecting the success of HR programs and overall people management.

We intend to continue to explore the formation of new alliances as well as strengthen partnerships with key technology vendors to enable us to leverage our partners' strengths. We are considering acquisitions to gain access to specific technologies and exploit synergies with our existing businesses.

I would also like to mention that we are prepared and in process of acquiring a company called Reilly & Associates, Inc, a privately held company based out of Michigan, USA. They are a certified Oracle solution partner, specializing in Oracle Process Manufacturing and authorized re-seller of Oracle applications. They have carved a niche for themselves in implementing Oracle applications for Process Manufacturing companies since 1994. This acquisition would potentially bring in additional revenue in the ERP segment to your company for the current financial year FY 2008.


We firmly believe that we have a great year ahead of us. Our sales pipe looks strong and our engagement pipeline will bring many interesting and challenging projects for all of us. We'll continue to focus on our four pronged growth strategy.

Team leadership of the highest quality has been one of the pillars of our success and it is our top priority to ensure its permanence. We have among our leaders a wealth of talent and vision which enables us to lay down a long term progression plan and propel the company to its next stage of growth.

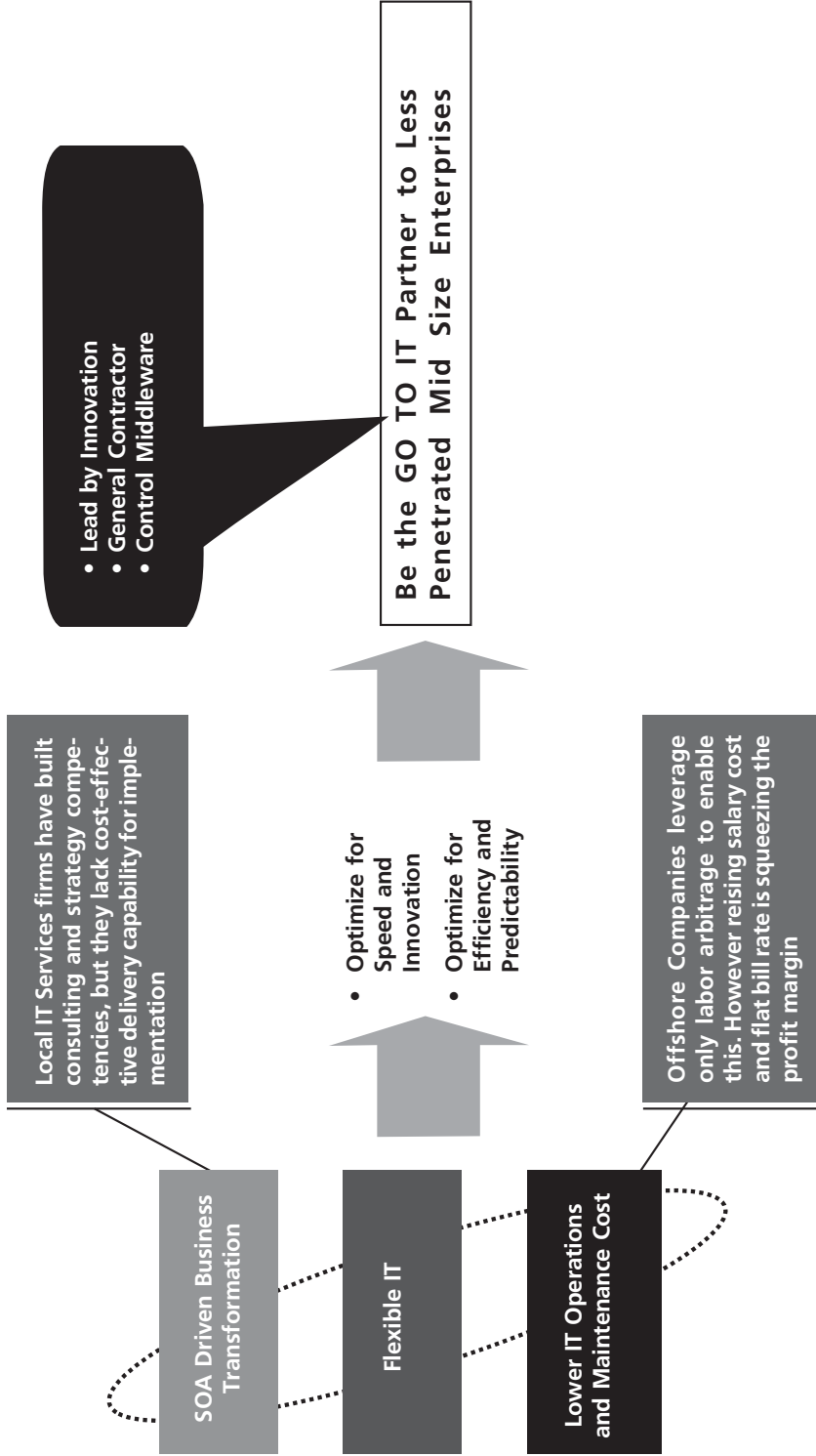
Journey thus far has been made possible with the support and encouragement by Bankers, Financial Institutions, Technocrats, Investors and all dear shareholders. I thank all of you for reposing faith in the cause and the course we are pursuing. We seek your continued patronage in our endeavor.

I greatly value the collective efforts of entire CTE Team and the contribution & involvement of my colleagues on the Board.

Thank You,


Bhaskar Panigrahi

CTE's Vision



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 8th Annual Report for the year ended March 31st 2007. The financial highlights of the year are:

Financial highlights

Table 1 gives the financial highlights of the Company in the financial year 2006-07 as compared to previous financial year (15 months) on Indian GAAP standalone basis.

TABLE 1

Financial highlights for the financial year ended March 31st 2007:

(Rs. in lakhs)

Sl. No.	Particulars	2007 Standalone (12 months)	2006 Standalone (15 months)
1	Income	1765.77	1840.40
2	Gross Profit	578.71	438.81
3	Depreciation	23.72	47.42
4	Interest	26.64	3.81
5	Prior Period Income / Expenses	(0.07)	1.93
6	Profit before tax	528.42	385.65
7	Provision for Taxation		
	Current	0.10	-
	FBT	2.21	1.31
	Earlier year taxes	0.25	0.34
8	Net profit for the year	525.86	384.00
9	Add: Profit brought forward	443.65	274.70
10	Balance carried to Balance Sheet	969.51	658.70

Note: The figures for the year 2006 are for 15 months period and hence are not comparable with the figures for the year 2007 which are for 12 months period.

Dividend

Keeping in view the fund requirement for future expansion, your directors have not recommended any dividend for the financial year 2006-07.

Employee stock option scheme

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 31st 2007 under Cambridge Technology Enterprises Employee Stock Option Scheme 2006 are set out in **Annexure – I** to the Directors' Report.

Share capital

The Paid-up share capital of your Company has increased from Rs. 3,08,06,000 (consisting of 30,80,600 equity shares of Rs.10 each) as on 31st March 2006 to Rs. 15,82,44,150 (consisting of 1,58,24,415 equity shares of Rs.10 each) as on 31st March 2007 as detailed in the following table:

Sl. No.	Particulars	No. of shares	Amount (Rs.)
1	Paid-up share capital as on 31 st March 2006	3080600	30806000
2	Bonus shares allotted on 13 th April 2006 in the ratio of 2:1	6161200	61612000
3	Preferential Allotment of shares to CellExchange Inc. on 28 th May 2006	266670	2666700
4	Allotment of shares in IPO on 1 st February 2007 **	6315945	63159450
5	Paid-up share capital as on 31 st March 2007	15824415	158244150

** Kindly note that your Company offered its shares to the Public under the Initial Public Offer (IPO) which opened on 29th December 2006 and closed on 9th January 2007 under the fixed price mode at a price of Rs. 38 per share (inclusive of premium of Rs. 28 per share) aggregating to Rs. 2400 lakhs.

The Authorized capital of your Company was also increased from Rs. 15 crores to Rs.20 crores.

Corporate governance and additional information to shareholders

A detailed report on the Corporate Governance system and practices of the Company are given in a separate section in this annual report. Detailed information for the shareholders is given in additional shareholders' information section.

Management discussion and analysis

A detailed Management Discussion and Analysis is provided in the Annual Report.

Subsidiary company

Your Company has one wholly owned subsidiary Company i.e. Cambridge Technology Enterprises Inc. based in Cambridge, Massachusetts, U.S.A. The members may refer to the statement under Section 212 of the Companies Act, 1956 for further information on this subsidiary company. The stand alone financials of the subsidiary Company for the year 2006 – 07 is attached to this Annual Report.

Directors' responsibility statement

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

1. In preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures if any;
2. We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2006-07 and of profit of the Company for that period;
3. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the

provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

4. We have prepared the annual accounts on an on-going concern basis.

Fixed deposits

Your Company has not accepted any fixed deposits under Section 58A of the Companies Act, 1956 and hence no amount of principal or interest was outstanding as on the Balance Sheet date.

Directors

Mr. Bhaskar Chandra Panigrahi, and Mr. D.R.R. Swaroop, Directors retire by rotation at the ensuing Annual General Meeting scheduled on 29th September 2007 and being eligible, offer themselves for re-appointment. The brief profile of Mr. Bhaskar Chandra Panigrahi and Mr. D.R.R. Swaroop is given in the Corporate Governance section for the reference of members.

Your Company had appointed Mr. R. Natarajan, Mr. H.K. Katti, Mr. Pavan Deep Singh Chahal and Mr. Kamlesh S Gandhi as members of the Board in the capacity of Independent Directors. All the aforesaid Directors have been inducted as "Additional Directors" pursuant to the provisions of Section 260 of the Companies Act, 1956 to hold office till the conclusion of this Annual General Meeting. All the aforesaid Additional Directors except Mr. Pavan Deep Singh Chahal are proposed to be appointed as Directors in the Annual General Meeting scheduled to take place on 29th September 2007 and respective notices under Section 257 of the Companies Act 1956 have been received from members proposing their appointment.

Mr. Pavan Deep Singh Chahal, Additional Director had expressed his unwillingness to be appointed as Director in the ensuing Annual General Meeting and Mr. Kamlesh S Gandhi has been appointed as independent Director in his place. The brief profile of Mr. R. Natarajan, Mr. H.K. Katti, and Mr. Kamlesh S Gandhi is given in the Corporate Governance section for the reference of members.

Auditors

The Statutory Auditors of the Company M/s Narven Associates, Chartered Accountants, retire at this Annual General Meeting and they have expressed their intention not to opt for re-appointment. The Audit committee members in their meeting held on 28th July 2007 and your Board of Directors in their meeting held on 31st July 2007 have recommended the appointment of M/s Walker, Chandio & Co., Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration as may be decided by your Board of Directors. M/s Walker, Chandio & Co., Chartered Accountants, have confirmed their eligibility and willingness to accept office of Statutory Auditors if appointed for the financial year 2007-08.

In accordance with the provisions of Sections 190 and 225 of the Companies Act, 1956 a Special Notice from a Member of the Company signifying his intention to propose the name of M/s Walker, Chandio & Co as the Statutory Auditors of the company has been received as required under the above referred Sections.

Particulars of employees

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in **Annexure – 2** to the Directors' Report.

Information on acquisitions made by your Company

As part of initial phase of strategic acquisitions, your Company has acquired M/s ComCreation Inc., a Delaware Corporation USA (which has a wholly owned subsidiary in India) for a total purchase consideration of USD 3.50 million. The total purchase consideration has been an all cash deal by subscribing to the entire outstanding common stock of Comcreation Inc. The said acquisition has been approved by the Board of Directors in their meeting held on 26th May 2007.

Your Company entered into a definitive agreement with Reilly & Associates Inc., a privately held company based in Michigan U.S.A. This agreement is subject to the approval by the shareholders of the company.

Reilly & Associates Inc. is an established Subject Matter Expert (SME) for Oracle Process Manufacturing implementations for Big 4, Medium and smaller consulting firms with vast experience in working with mid-sized companies and has a client base of over 60. Reilly & Associates Inc., is also a certified Oracle solution partner specializing in the implementation of Oracle's e-business suite in Process Manufacturing Companies.

This acquisition would potentially bring in additional revenue in the ERP segment to your Company for the current financial year FY 2008, augment the Company's SOA migration services portfolio & bring the combined entity closer to its vision of being a 'go-to IT partner for mid-sized enterprises'. While Reilly & Associates Inc., would enrich your Company with the expertise in Oracle Financials, Customer Relationship Management (CRM), Enterprise Asset Management (EAM), Oracle Process Manufacturing (OPM) and Oracle Accelerators, which benefits its customers, it also opens up avenues of providing value added SOA migration & global delivery services to the Reilly's existing customer base.

Conservation of energy, technology absorption, foreign exchange earning 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 – 3** to the Directors' Report.

Acknowledgement

Your Directors place on record their sincere appreciation for significant contribution made by the employees through their dedication, hard work and commitment and the trust reposed on us by our clients.

We also acknowledge the support and wise counsel extended to us by the Analysts, Bankers, Government Agencies and Shareholders at large. We look forward to having the same support in our endeavor to serve our clients better.

for Cambridge Technology Enterprises Limited
Sd/-

Place: Bangalore
Date: 31st July, 2007

Bhaskar C Panigrahi
Chairman & CEO

Annexure to the directors' 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, 2007 under CTCL Employee Stock Option Scheme 2006 are as under:

Sl. No.	Description	Details
1	Details of the meeting	Annual General Meeting held on 21.04.2006
2	Approved options	990000
3	Options granted	631514
4	The pricing formula	The options are exercisable at a price of Rs.20/- per share (i.e. face value of Rs.10/- plus premium of Rs.10/- per share).
5	Options vested	631514
6	Options exercised	Nil
7	Total number of shares arising as a result of exercise of options	Nil
8	Options lapsed	Nil
9	Variation of terms of options	Nil
10	Money realized by exercise of options	Nil
11	Total number of options in force	631514
12	Options forfeited / surrendered	Nil

13. Employee wise details as on March 31, 2007 of options granted to:

(a) Senior Managerial Personnel

Name	Exercise Price	No. of Options
Y. Ramesh Reddy	Rs.20/- per share	100000
Jagdish Negi	Rs.20/- per share	50000
Prashant Vishnu	Rs.20/- per share	50000
Brian Courtney	Rs.20/- per share	100000

(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.

During the year, the following personnel who are in the whole time employment of the Company were granted options which constituted more than 5% of the total options granted during the year:

Sl. No.	Name of the Employee	No. of options granted	% to total options granted
1	Y. Ramesh Reddy	100000	15.83%
2	Brian Courtney	100000	15.83%
3	Jagdish Negi	50000	7.92%
4	Prashant Vishnu	50000	7.92%

(c) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

There were no employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

Sl.No.	Description	Details
14	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with AS – 20.	Rs. 5.06
15	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on the EPS of the company shall also be disclosed.	<p>The Company has opted for fair valuation method of accounting using the Black Scholes option pricing model for accounting of compensation cost arising out of ESOP allotment.</p> <p>The employee compensation cost on account of ESOP in the financial year 2006-07 based on Intrinsic Value Method is Rs. Nil and the employee compensation cost basing on the Fair Value Method for ESOP allotment is also Nil.</p> <p>There would have been no adverse effect on the profit and EPS on using Fair Value Method of accounting.</p>

Sl.No.	Description	Details
16	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	i. The weighted average exercise price of options granted during the year was Rs. 20.00. ii. The weighted average fair value of options granted during the year was Rs. 18.80.
17	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: i. Risk free interest rate ii. Expected life iii. Expected volatility iv. Expected dividends	The Company has opted for fair valuation method of accounting using the Black Scholes option pricing model for accounting of compensation cost arising out of ESOP. However for disclosures above, the following assumptions have been used: 5.01% 2 – 3 years 0.00% 0.00%
18	The price of the underlying share in market at the time of option grant	Not available since unlisted.

Annexure – 2

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975 as amended, the names and other particulars of the employee(s) are as under:

Name of the Employee	Age	Designation	Gross Remuneration (Amt in Rs.)	Qualification	Yrs of experience	Date of joining	Particulars of previous employment
Y. Ramesh Reddy	40 Yrs	CFO	30,56,003	Chemical Engineer – IIT and Management Graduate from XLRI	17 Yrs	July 1 st , 2003	M/s Virinchi Technologies Ltd.
Jeetendra Chaware*	41 Yrs	VP - Global Delivery	18,17,925	Masters Degree in Computer Science from BITS, Pilani	15 Yrs	June 1 st , 2004	M/s Satyam Computer Services

* Employed for part of the year

Annexure – 3

Conservation of energy, technology absorption, foreign exchange earnings and outgo.

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 are as under:

1. Conservation of Energy

Software Industry is not power intensive. However, adequate measures have been taken to conserve energy, wherever possible.

2. Technology Absorption

Your Company is a thought leader and leading innovator of comprehensive Service Oriented Architecture (SOA) based enterprise transformation and integration solutions and services provider. Your Company trains its software engineers on a regular basis on the latest trends and technologies. The technology thus absorbed is put to use in delivering the final product to the end clients. Your Company's unique CCD

(Cambridge Collaborative Delivery) methodology combines intense workshops, solution visualization and global spiral based Rapid Application Development (RAD) to achieve demonstrable value in short business cycles.

3. Foreign Exchange Earnings and Outgo

(Rs. In lakhs)

Particulars	2006-07	2005-06
Foreign Exchange Earnings	1765.77	1840.40
Foreign Exchange Outgo	65.96	Nil

for Cambridge Technology Enterprises Limited
Sd/-

Date: 31st July, 2007
Place: Bangalore

Bhaskar C Panigrahi
Chairman & CEO

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

Your company is focused on becoming the go-to IT partner for mid-sized enterprises by leading through innovation, controlling their middleware by leveraging its SOA (Service Oriented Architecture) expertise and expanding the services offerings to provide end-to-end support using a general contractor model. This market opportunity is poised for a 'hockey-stick' growth and we believe we are fast approaching the inflection point.

According to a survey done by McKinsey in October 2006, of 72 Senior IT Executives about their IT priorities, and their conclusion was that two trends in Information Technology will become increasingly important to CIOs in 2007: a migration to service-oriented architectures and the introduction of lean-manufacturing principles to data center operations. These are among the results of our most recent survey of senior IT executives. The survey asked CIOs and other senior executives in North American companies about their plans for the coming year.

New technologies and trends constantly compete for a share of the enterprise IT budget, and during each cycle, one or two rise above the others to become a major focus for CIOs. In 2006 two areas of critical focus have been software as a service and server consolidation and virtualization—two trends that CIOs, a year earlier, had cited as important.

As those technologies gain traction, executives are also signaling interest in two further trends to improve efficiency and effectiveness. Sixty-four percent of the respondents to the 2006 survey plan to implement service-oriented architectures in the coming year. This strong response suggests that the thinking about IT architectures is shifting to embrace global standards for interaction, both internally and with external partners and suppliers. Advocates of service-oriented architectures expect them to make IT more flexible, open, and efficient by facilitating communication and interaction between systems. Under this design, common IT tasks, called services, can work smoothly together, regardless of an organization's underlying technology platform. The concept has been around for years, but as more organizations adopt Web services standards, interest in these architectures has grown. That interest persists even though many executives have been unclear about the precise meaning of the term—a confusion made worse by some vendors' propensity to label every product as "service oriented." Despite this confusion, the compelling benefits of service-oriented architectures—easier communication and interaction among applications—and the increasingly mature offerings from vendors are enticing more IT executives to give it a close look.

The second trend poised to strengthen in 2007 is the application of lean-manufacturing principles to data centers. Data centers have grown tremendously over the past 10 to 15 years as IT spending has increased and cost-conscious CIOs have consolidated smaller centers into fewer and larger ones. A data center for a typical large enterprise has hundreds of millions of dollars in capital equipment (server farms, mainframes, networking gear, and storage devices), consumes large amounts of electricity, and requires hundreds of highly skilled engineers and technicians to operate. In particular, the labor costs have grown significantly with the commitment of resources to processes such as incident response, problem management, and change management.

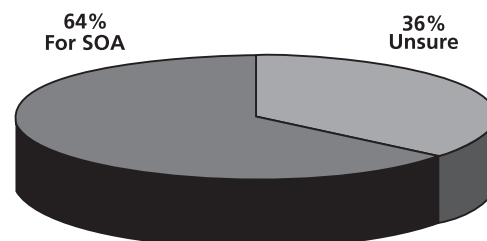
Applying lean principles can help reduce waste and improve labor productivity by as much as 40 percent in some processes. Nearly one-third of our survey respondents aim to apply lean principles in these centers.

Also, according to NASSCOM, the Indian IT-ITES sector (including the domestic and exports segments) can achieve the targeted \$ 60 billion revenue by 2010 by maintaining an easy run rate of 24.1% and 19.3% in the exports and domestic markets respectively. During the year 2006-2007, Service and Software exports remain the mainstay of the sector contributing USD 31.3 billion and beating forecast of 27% to register a 32.6% growth. Also, the United States continues to be the largest market for the Indian IT industry, accounting for approximately 67% of the revenues in fiscal 2006. BFSI, Telecom and Hi-Tech continue to account for approximately 60% of the total share. Other verticals such as manufacturing, retail, transportation, healthcare and utilities are also growing rapidly. Mentioning service line expansions, NASSCOM reports that though larger players continue to lead growth, gradually increasing their share in the industry aggregate; several high-performing SMEs also stand out.

Opportunities for SOA

According to a newly released IDC study, Service-Oriented Architecture (SOA) will continue to have a profound impact on the overall services market, as implementation of this architecture often requires spending on a range of external services. These services include consulting and systems integration, and eventually outsourcing, application management, support, and training. IDC projects that by 2010 global SOA-based services spending will reach \$33.8 billion. SOA will offer a tremendous opportunity for service vendors in the coming years.

SOA - CIO Survey by IDC



Systems integration will continue to represent the best market opportunity for service providers throughout the five-year forecast period. In addition, a recent IDC study of end-users reveals that transportation/distribution, utilities, manufacturing, services, and financials are the major adopters of SOA in the United States.

Regionally, the Americans will host majority of external services spending on SOA, with the United States leading the market. EMEA represents the second largest region in terms of spending; however, the Asia/Pacific region is expected to experience a more rapid growth rate than both the Americas and EMEA, mainly due to its current small base level.

As an IT architectural style, SOA has and will continue to have a profound impact on the overall services market because implementation of this architecture often requires external assistance in the form of consulting, systems integration, and eventually, in terms of outsourcing, application management support and training. Major changes in the software industry go beyond technical issues. Customer service, supply chain, IT governance and procurement innovation is occurring across every industry. A major benefit of these changes is that software comes closer to meeting the agility demands of business environments. Continuing change in tools, technologies, skills, processes, products and vendor relations pose significant challenges. Strategic positioning is driving adoption of service-oriented architecture (SOA).

Rapid reuse of existing assets and sharing of services and infrastructure across lines of business are critical to achieving business processes that can adjust to changing market conditions. Service oriented architecture (SOA) is the key to making the IT department a catalyst for growth and innovation.

Flexibility in business has become equal in importance with operational efficiency. While the drivers of change manifest themselves differently in each industry, a common theme is emerging across all industries; those that adjust to change more quickly gain a competitive advantage.

Studies from Gartner, IDC and leading business consultants all point to a common message; companies are spending too much money on integration and the sustaining and running of existing business capability versus innovation and creation of new capability. Companies want this to change. And they know this is possible with SOA.

A Service Oriented Architecture structures the functions delivered in large applications into reusable building blocks, or "services" that can be used to enable your IT environment to be more nimble, to respond rapidly to changing business conditions. Enterprises are using SOA as a way of increasing business flexibility, serving their customers better, leveraging existing IT investments and capturing new revenue streams. The market shifts; your business responds and wins with SOA.

There is no doubt that SOA will offer a tremendous opportunity for service vendors in the coming years and your Company has been proactive in tapping these opportunities.

Your company has joined an advocacy group called SOA Consortium, a committed group of end users, service providers and technology vendors, with an objective of spreading SOA awareness. The SOA Consortium's mission is to "Promote and enable business agility via Service Oriented Architecture to allow businesses to compete, innovate and thrive." It was founded by BEA, Cisco, IBM and SAP to drive the industry towards

standardization and adoption of Service Oriented Architecture. SOA Consortium enterprise members include Fortune 200 companies in Financial Services, Travel, Manufacturing, Retail and Telecommunications.

The SOA Consortium has defined a vision of widespread SOA adoption, and has set strategic metrics of 75% penetration in the Global 1000 and 50% adoption to midsize organizations. Your Company, being a leading provider of comprehensive Service Oriented Architecture (SOA)-based solutions and services will leverage this opportunity in building and integrating Enterprise Transformation applications within the midsize market segment.

SOA Consortium's main objective is to drive the industry towards standardization and adoption of Service Oriented Architecture and CTEL's membership in the consortium is a stepping stone to be the world leader in SOA based solutions. CTEL is dedicated to SOA, not because it is a new technology, but it is the right technology that helps the customers. SOA, when correctly adopted, supports business agility while minimizing long term integration expenses. Through the proper integration of business systems and processes, SOA allows us to Think Big, Start Small and Scale Fast while providing long term value to our customers.

Outlook

On the outlook for 2007-08, the trends for SOA adoption are very strong and the traction for this technology is already evident & your company has worked on enhancing its capabilities to the customers through inorganic growth measures adopted which have added Hitech practice and ERP capabilities. In terms of the market for global delivery from India, NASSCOM predicted a 24 to 27% growth to take total revenues to \$ 49 to 50 billion. Exports growth is projected at 26 to 29%, IT services are expected to be in the range of \$ 28 to 29 billion. The company's out look for the next year is to consolidate its business and grow both organically and inorganically, in line with the industry growth rates.

Threats, Risks and Concerns

One of the biggest threats faced by the I.T. Industry is the Rupee fluctuations and continued higher levels of attrition rates that come as a part of global competition. As the global technology majors plan to ramp up their Indian operations by hiring high-skilled manpower, raising salary levels to retain key employees becomes a necessity for these Indian software Companies and this would necessarily increase pressure on their operating margins that are yet to come out of the jinx of falling billing rates and high expenses.

Major risks and concerns are identified after discussions with the industry experts and mitigation of these risks has been derived and is given against each of them.

Sl. No.	Risk	Mitigation Plan
1	The area of business we operate in is very competitive and such competition is likely to continue, if not increase in the future. The company faces stiff competition from others who may be able to offer similar services at lower rates.	We mitigate these risks by offering high quality, customized services at a competitive price. We have an India based Global development center that has been assessed at CMMi Level 5. With our successfully built niche practice areas based on our expertise that involves SOA competencies, we also have a record of delivering solutions, On Budget On Time to our customers. These factors help us in being competitive in the market.
2	The Company believes that it should have the wherewithal to grow inorganically as and when it comes across strategic opportunities. This carries with it inherent risks of Integration and problems of past liabilities etc.	The company seeks to mitigate these risks by following stringent due diligence processes and assessing the human element of every acquisition, which eases out the integration process.
3	The Company's capability to execute current and future projects thereby obtaining new customers depends on its ability to attract, train, stimulate and preserve highly skilled personnel, particularly project managers, project leaders and domain experts. Its inability to hire and retain additional qualified personnel will impair its ability to bid for or obtain new projects and to continue to expand its business.	To address this risk, your company on an ongoing basis addresses employee aspirations through well planned career management and job rotation and by giving the employees exposure to multiple technologies, domains and geographies. The Company also strives to create the conducive environment for work life balance. The Company has created employee friendly policies which enhance retention of employees. As a result of all these initiatives, the Company has the lowest attrition rate in the industry. In addition to the above your company visits various campuses in India to source fresh Engineering graduates.
4	Your company is exposed to foreign exchange risk since significant portion of the company's revenues are denominated in U.S. Dollars and other foreign currencies while its costs are denominated in Indian Rupees. Hence, the financial performance of the company is vulnerable to fluctuations in the foreign exchange rates.	Your Company has taken appropriate steps to mitigate the risks arising out of foreign exchange transactions such as taking adequate coverage for foreign exchange risks etc., and it shall continue to do so depending on the business needs from time to time.

Margin Pressure Risk

Three different strategies have been used by your Company in this effort:

- Increasing offshore leverage: The Company is increasing its efforts to enhance revenues from Offshore Global delivery centers, which in turn helps your Company to increase its margins.
- Focus on Rate Increases: The Company is looking at rate increases for newer businesses and also existing businesses which are up for renewal. Your Company's rates are competitive and in line with client expectations.
- Focusing on Cost Management: The Company is monitoring and steadily bringing down its operating expenses as a percentage of revenue by ensuring that growth in these expenses is minimized in line with Company requirements.

Merger & Acquisition

Your company had raised capital through the initial public offering in February 2007 to fuel its growth both organically and inorganically. Inorganic growth through acquiring companies that have right strategic fit with us is the corner stone of this plan. In the last few months the company has made substantial progress in this regard.

ComCreation Inc

On 26th May 2007, your Company acquired ComCreation Inc., an ISO 9001:2000 certified company, which is a leading provider of outsourced product development services to Independent Software Vendors. It offers services in Mobile Practice, Life Science Practice, Testing and Managed Services. The company has been growing rapidly at more than 100% Year-on-Year growth. The acquisition is of strategic importance for your Company; as ComCreation Inc. will further strengthen your Company's SOA competency center and help all their customers in providing SOA based stable, predictable, manageable and secure business/strategic solutions in a highly dynamic business environment.

The acquisition would add many valuable advantages to your Company's portfolio of technology and services including:

- Addition of Hi-Tech vertical
- Increase our current fiscal year revenue (April 07 – March 08) by approximately US\$ 4.60 Million.
- Added two Bangalore based Global delivery Centers with a capacity of over 220 seats.

ComCreation Inc. engages a total number of 120 people out of which 20 work in the United States of America and the remaining

work from the state of the art Global Development Centre based out of Bangalore, India.

Reilly & Associates Inc.

Your Company entered into a definitive agreement with of Reilly & Associates, Inc., a privately held company based in Michigan U.S.A. This agreement is subject to the approval by the shareholders of the company.

Reilly Associates, Inc. is an established Subject Matter Expert (SME) for Oracle Process Manufacturing implementations for Big 4, Medium and smaller consulting firms with vast experience in working with mid-sized companies and has a client base of over 60. Reilly Associates is also a certified Oracle solution partner specializing in the implementation of Oracles e-business suite in Process Manufacturing Companies.

This acquisition would potentially bring in additional revenue in the ERP segment to your Company for the current financial year FY 2008, augment the Company's SOA migration services portfolio & bring the combined entity closer to its vision of being a 'go-to IT partner for mid-sized enterprises'. While Reilly & Associates would enrich your Company with the expertise in Oracle Financials, Customer Relationship Management (CRM), Enterprise Asset Management (EAM), Oracle Process Manufacturing (OPM) and Oracle Accelerators, which benefits its customers, it also opens up avenues of providing value added SOA migration & global delivery services to the Reilly's existing customer base.

Human Resources

Your Company's Human Resources Department (HRD) continues to be the important division as it provides quality and timely manpower for achieving the desired growth rates. Your Company has an effective HR team, which focuses on imparting internal and external training programmes to its employees on various technologies and soft skills for building a knowledge base for your Company.

Your Company provides the best welfare measures for its employees for creating a healthy and friendly work environment. With continued efforts, your Company is optimistic of reaping the best results from its human resources in the years to come.

Financial Performance

Your company conducts its business in the United States of America through a wholly owned subsidiary. The entire revenue for the year 2006-07 has been from the US clients, contracted through its wholly owned subsidiary Cambridge Technology Enterprises Inc. To understand the overall performance of the company it is hence essential to look at the consolidated results.

(Highlights of Consolidated Results for the period ending 31st March, 2007):

- Total Revenue on consolidated basis for CTEL was Rs.2360 lakhs compared to Rs.1866 lakhs of revenue for the 15 month period ended 31st March, 2006 which translates to over 58% growth year on year on annualized basis (The 15 month period financials ended 31st March, 2006 was un-consolidated, since the company did not have any subsidiary as on that date).
- Profit after Tax was Rs 504.65 lakhs, compared to Rs. 384 lakhs of profit after tax for the 15 month period ended 31st March,

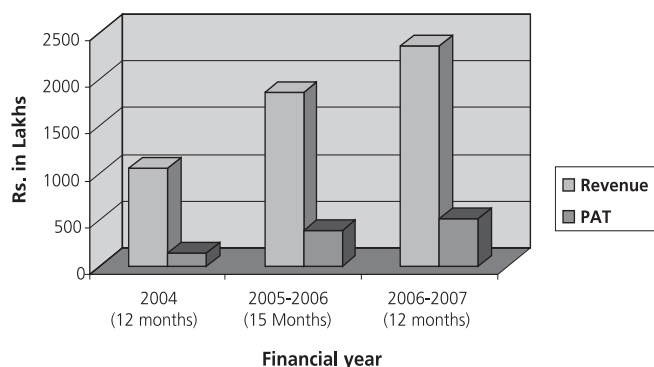
2006 which translates to over 64% growth in year on year on annualized basis.

- Net Sales / Income from operations was 20.74% compared to 19.47% for the 15 months period ended 31st March 2006 which translates to over 6.52% growth on percentage margin year on year.
- Earnings per share for the period is Rs.4.86, on the basis of post issue paid up capital of Rs.1582.44 lakhs;
- In the fiscal year, the company offered its SOA related transformation services to 4 new clients.

The financial performance of the standalone company is as follows.

Your Company changed its accounting period from calendar year to financial year during the previous year (2005-06) on account of which, the previous year financial figures are for 15 months period compared to the current year financial figures which are for 12 months period. Hence, the financial figures for this year are not exactly comparable with that of the previous year. However, a comparison is drawn for few Balance Sheet and Profit and Loss Account items for the sake of information to the stake holders.

Revenue & PAT for the last 3 years



Share Capital

The Authorized share capital of your Company increased by Rs. 500 lakhs i.e. from Rs. 1500 lakhs (in the previous year) to Rs. 2000 lakhs (in the current year) by the addition of 50 lakhs equity shares of Rs.10/- each. The Authorized share capital was increased to accommodate the additional shares which were being issued by your Company under the Initial Public Offering (IPO) made during the period 29th December 2006 to 9th January 2007.

The Paid up share capital of your Company increased by Rs. 1274.38 lakhs i.e. from Rs. 308.06 lakhs (in the previous year) to Rs. 1582.44 lakhs (in the current year) as detailed hereunder:

Sl. No.	Nature of Issue	Date of Allotment	No. of shares	Amount in Rs.
1	Issue of Bonus shares in the ratio of 1:2	13 th April 2006	6,161,200	61,612,000
2	Preferential Allotment of shares	28 th May 2006	266,670	2,666,700
3	Initial Public Offering (IPO)	1 st February 2007	6,315,945	63,159,450
Total			1,27,43,815	12,74,38,150

Reserves and Surplus

The Reserves and Surplus account has increased by Rs. 1628.96 lakhs i.e. from Rs. 698.64 lakhs (in the previous year) to Rs. 2327.60 lakhs (in the current year) on account of the following reasons:

- Profit during the year transferred to Reserves and Surplus account Rs. 159.73 lakhs.
- Addition in the share premium account on account of issue of shares at a premium of Rs. 28/- per share in the IPO aggregating to Rs. 1768.46 lakhs.

Secured Loans

Your Company had availed a secured loan of Rs. 2.65 lakhs towards purchase of office equipment which was outstanding in the previous year. The said loan has been repaid in full on 17th August 2006.

Your Company was sanctioned cash credit limit of Rs. 50 lakhs by UTI Bank Limited, out of which, Rs. 3.21 lakhs was availed as on 31st March 2007.

Fixed Assets

The variation in fixed assets during the year compared to the previous year has been on account of the following:

- Additions to the fixed assets amounting to Rs. 54.88 lakhs during the year compared to Rs.18.25 lakhs in the previous year as detailed hereunder:

(Rs. in Lakhs)

Sl. No.	Name of the Asset	Additions during the year (2006-07)	Additions during previous year (2005-06)
1	Air-conditioner	0.84	-
2	Electrical Fittings	6.94	-
3	Furniture & Fixtures	11.20	5.21
4	Computers	22.67	5.73
5	Office Equipment	11.07	1.28
6	Software	2.16	6.03
	Total	54.88	18.25

- Gross value of assets sold during the year was Rs. 56.99 lakhs as compared to Rs. 4.02 lakhs in the previous year as detailed hereunder:

(Rs. in Lakhs)

Sl. No.	Name of the Asset	Deletions during the year (2006-07)	Deletions during previous year (2005-06)
1	Air-conditioner	2.29	-
2	Electrical Fittings	10.02	-
3	Furniture & Fixtures	27.85	-
4	Computers	4.30	-
5	Office Equipment	12.53	-
6	Vehicles	-	4.02
	Total	56.99	4.02

Investments

The variation in Investments during the year compared to the previous year has been on account of the following:

- New investments amounting to Rs. 1757.60 lakhs were made during the year compared to the previous year as detailed hereunder:

(Rs. in Lakhs)

Sl. No.	Investment Particulars	Investments made during the year (2006-07)	Investments made during previous year (2005-06)
1	Investment in wholly owned subsidiary CTE Inc.	738.70	-
2	Investment in Mutual Funds	1018.90	388.10
	Total	1757.60	388.10

- The aggregate value of investments sold during the year was Rs. 388.21 lakhs as compared to Rs. 31 lakhs in the previous year as detailed hereunder:

(Rs. in Lakhs)

Sl. No.	Particulars of Investments sold	Aggregate value of Investments sold during the year (2006-07)	Aggregate value of Investments sold during previous year (2005-06)
1	Investment in Mutual Funds	388.21	31.00
	Total	388.21	31.00

Net Current Assets

The net current assets have increased by Rs. 1334.94 lakhs compared to the previous year's figures. An analysis of the current assets and liabilities reveals the following:

- Increase in sundry debtors by Rs. 543.26 lakhs on account of addition of six new projects during the year under review.
- Increase in cash and bank balances by Rs. 668.19 lakhs on account of IPO proceeds deposited in escrow account
- Increase in Loans and Advances by Rs. 546.38 lakhs compared to previous year as detailed in the following:

(Rs. in Lakhs)

Sl. No.	Particulars of Loans & Advances	Value of Loans & Advances made during the year (2006-07)	Value of Loans & Advances made during previous year (2005-06)
1	Unsecured Loans & Advances	376.44	301.25
2	Advance to wholly owned subsidiary CTE Inc.	**406.96	-
3	Deposits	84.98	22.20
4	Pre-paid Expenses	11.75	10.30
	Total	880.13	333.75

**** Rs. 200 lakhs was used for establishing data centre for one of our clients Hills pet for procurement of hardware for data centre. Another 206 lakhs was spent for onsite operational and sub-contract expenses.**

- Increase in current liabilities by Rs. 409.45 lakhs compared to previous year as detailed hereunder:

(Rs. in Lakhs)

Sl. No.	Particulars of current liabilities	Value of current liabilities during the year (2006-07)	Value of current liabilities during previous year (2005-06)
1	Sundry Creditors for supply of goods and services	33.71	4.27
2	Other liabilities and expenses	**522.20	142.19
	Total	555.91	146.46

**** Out of Rs. 522.20 lakhs, Rs. 400 lakhs is due to wholly owned subsidiary CTE Inc. on account of onsite employee cost.**

- Increase in Provision made for current liabilities by Rs. 13.43 lakhs compared to previous year as detailed hereunder:

(Rs. in Lakhs)

Sl. No.	Particulars	Value of provision made during the year (2006-07)	Value of provision made during previous year (2005-06)
1	Provision for FBT	1.21	-
2	Provision for income tax	0.10	-
3	Provision for gratuity	15.79	3.67
	Total	17.10	3.67

Operational Performance

The year's financial performance was in line with the Company's expectation.

Revenues

The revenue from sales for the year stood at Rs. 1765.77 lakhs and other income was Rs. 19.50 lakhs respectively.

Expenditure Analysis in Brief

Personnel Cost

The Personnel cost has decreased during the year by Rs. 262.76 lakhs compared to the previous year on account of excess provision made during the year.

General Administrative cost

The net increase in the General and Administrative expenses during the year has been Rs. 41.03 lakhs compared to the previous year. Some of the major upward variances in the expenditure heads as compared to the previous year are detailed hereunder:

(Rs. in Lakhs)

Sl. No.	Nature of Expenditure	2006-07	2005-06	Variance	Reasons for variance
1	Net Foreign Exchange Loss	10.71	0.47	10.24	Change in exchange rate
2	Computer hire charges	8.21	4.38	3.83	Increase in head-count and use of higher end servers and systems
3	Rent	75.22	51.61	23.61	Shifted the location to a new location
4	Loss on sale of Asset	13.45	0.08	13.37	During the shifting of the office, older assets were disposed off and the realized value was lower than the book value
6	Staff Recruitment & Training	21.29	10.30	10.99	Enhanced focus on hiring fresh talent and training on SOA & new technologies.

Finance charges

Finance charges have increased during the year by Rs. 23.94 lakhs over the previous year. The increase in the charges is on account of Rs.11 lacs paid towards Term Loan processing fees and 11.80 lakhs paid towards interest on deferred payment for acquiring wholly owned subsidiary, CTE Inc.

Cash Flow

During the year, the net cash generated from operating activities was Rs. 319.96 lakhs, cash outflow from investing activities was Rs. 2003.18 lakhs, net cash used from financing activities was Rs. 2351.41 lakhs respectively. The net change in cash at the end of the year was Rs. 668.19 lakhs respectively

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement)

Your Company has complied in all material respects, with the requirements of the Corporate Governance Code as per clause 49 of the listing agreement with the stock exchanges. A report on the implementation of the Corporate Governance Code of the listing agreement by your Company is furnished below:-

Company's philosophy on Corporate Governance

Cambridge Technology Enterprises Ltd ("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, 2007, the Board of CTCL consists of 6 Directors, comprising three Executive Directors including Chairman, and three independent directors. Every Director informs the company on an 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.

Composition of CTCL's Board as on March, 31, 2007. -**Table-1.**

Name	Position	Date of joining	Directorship in India u/s 275 of the Companies Act, 1956	* Other Directorships	Committee Membership	Chairmanship in Committees
Mr. Bhaskar C Panigrahi	Chairman & CEO	22/1/2004	1	2	Nil	Nil
Mr. Krishna P Nangegadda	Whole-time Director	28/1/1999	1	2	Nil	Nil
Mr. DRR Swaroop	Whole-time Director	28/1/1999	2	1	2	Nil
Mr. R. Natarajan	Independent Director	25/4/2006	1	3	3	1
Mr. H K Katti	Independent Director	30/4/2006	1	1	3	1
Mr. Pavan Deep singh Chahal	Independent Director	13/4/2006	Nil	Nil	1	Nil

* Other Directorships are those, which are not covered under Section 275 of the Companies Act, 1956

B. Directors' attendance at CTCL's Board Meeting and AGM. **Table - 2**

Name	No. of Meetings held during the year	No of meetings attended physically	No. of meetings attended through Tele / Video Conferencing	Attendance in last AGM held on 21st April, 2006
Mr. Bhaskar C Panigrahi	14	7	7	Present
Mr. Krishna P Nangegadda	14	5	9	Present
Mr. DRR Swaroop	14	14	Nil	Present
Mr. R. Natarajan*	14	8	Nil	No
Mr. H K Katti*	14	3	Nil	No
Mr. Pavan Deep Singh Chahal *	14	0	Nil	No

* All the independent directors were inducted only in the Month of April, 2006.

C. Shares and Stock options held by Directors. **Table - 3**

As on March 31, 2007

Name	No. of Shares held	Stock Options held
Mr. Bhaskar C Panigrahi	15,24,505	Nil
Mr. Krishna P Nangegadda	12,33,684	Nil
Mr. DRR Swaroop	90,000	Nil

D. Non-Executive/Independent directors' compensation & disclosures

The Non-Whole-time independent directors of the company are proposed to be compensated by way of grant of ESOPs, which is placed in the current AGM under item no.9 for consideration and approval of the shareholders. Necessary compliance and disclosures on this will be applicable from next year onwards.

E. Meetings

The Board of Directors must meet at least four times in a year, with a maximum time gap of four months between any two Board meetings. CTEL Board has met 14 times during the year under review – on 13/4/2006, 20/4/2006, 2/5/2006, 3/5/2006, 28/5/2006, 30/5/2006, 2/9/2006, 2/11/2006, 6/12/2006, 12/12/2006, 18/12/2006, 27/12/2006, 1/2/2007 & 7/3/2007 respectively.

F. Code of business conduct and ethics

CTEL is committed to maintain sound standards of Business conduct and Corporate Governance. The Board of Directors ("the Board") and the Senior Management of CTEL undertake to abide by following Code of Conduct adopted by the Board and affirm compliance with this code on annual basis.

The Code is named as "Code of Conduct for the Board of Directors and Senior Management of CTEL". Code of Conduct was approved by the Board of Directors of the Company in their meeting held on 24th July, 2006 and the same is hosted in the company's website www.ctepl.com. CTEL Board has adopted this Code of Conduct as a guide to the high ethical and legal standards expected of its members.

2. Audit Committee & Committees of the Board

The Board has constituted the following committees:

- Audit Committee
- Investor Relations & Shareholders Committee

a. Audit Committee

The Management is responsible for the Company's internal controls and the financial reporting process whereas the statutory auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has entrusted the Audit Committee to supervise these process and thus ensure accurate and timely disclosure that maintain the transparency, integrity and quality

financial control and reporting. The primary responsibilities of the Audit Committee are to:

- Regularly report to the Board of Directors its conclusions with respect to the various matters that the Audit Committee has considered.
- Review and reassess the adequacy of the Charter annually and submit it to the Board of Directors for consideration and approval.
- Review management's monitoring of compliance with Company's standards of Business conduct.
- Reviewing in conjunction with counsel, any legal matters that could have a significant impact on the Company's financial statement.
- Overseeing compliance with SEBI/Stock Exchanges requirements for disclosure of auditor's services and audit committee members and activities.
- Overseeing and reviewing of the Company's asset management policies, including an annual review of the Company's investment policies and performance for cash and short term investments.

Audit Committee attendance * - Table - 4

During the Financial year 2006-2007

Committee Members	Position	Meetings held	Meetings attended
R. Natarajan	Chairman	2	2
DRR Swaroop	Member	2	2
H K Katti **	Member	2	0

* The Committee was constituted only on 3rd May, 2006.

** Granted leave of absence on request.

b. Investor Relation & Shareholders' Committee

The Investor Relation & Shareholders Committee is empowered with all the functions of the Board in relation to handling and redressal of shareholders' complaints. The committee reviews the following matters:

- Review of investor complaints and their redressal on quarterly basis;
- Review of the corporate actions post IPO related work.
- Monitoring of the work done by the Company's Registrar and Share Transfer Agents.

The Committee consists of three independent directors and the committee meets as and when required. The committee met only once after the closure of IPO during the month of February.

Investor Relation & Shareholders Committee attendance *
- Table - 5

During the Financial year 2006-2007

Committee Members	Position held	Meetings attended	Meetings
H K Katti	Chairman	1	1
R. Natarajan	Member	1	1
Pavan D S Chahal**	Member	1	0

* The Committee was constituted only on 3rd May, 2006.

** Granted leave of absence on request.

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

3. Subsidiary Companies

During the year, the Audit committee reviewed the financial statements of the subsidiary company. The Audit Committee of the company also reviewed the minutes of the Board Meetings of the subsidiary company and statement of all significant transactions and arrangement entered into by the subsidiary company. There is no "material non-listed Indian subsidiary company" as defined under Clause 49 of the Listing Agreement.

4. Disclosures
A. Related Party Transactions

The details of related party transactions are discussed in detail under Schedule 16 of this financial statements in Annual Report. All related party transactions taken place during the year, whether in the ordinary course of business or not, were placed before the Audit Committee. All related party transactions were on arm's length basis.

B. Disclosure on Accounting Treatment

In the preparation of financial statements for the financial year 2006-2007, there is no treatment of any transaction different from that prescribed in Accounting Standards.

C. Utilization of IPO proceeds

Your company offered 63,15,945 equity shares of Rs.10/- each at a premium of Rs.28/- per share to the Public through its Initial Public Offering (IPO) during the period December, 2006/January, 2007.

In this connection your company had made necessary disclosures relating to utilization of IPO proceeds as per listing requirements which was also reviewed by the Audit Committee. The status of utilization was also reported in notes to the Audited Financial results for the period ended 31st March, 2007 which were published by the company in newspapers as per Clause 41 of the Listing Agreement.

The said disclosures will be made on an ongoing process till the time the full money raised through IPO has been fully utilized by the Company.

D. Remuneration of Directors

Non-Executive Directors were paid sitting fees @ Rs.10,000/- each for Board and Committee Meetings respectively.

E. Management discussion and Analysis.

This has been furnished as separate section after the topic on Directors' Report.

F. Information to Shareholders:

- The following are the brief profiles furnished hereunder with respect to directors who are re-appointed and liable to retire by rotation:

Mr. Bhaskar C Panigrahi
Director

Prior to Cambridge Technology Enterprises, Mr. Bhaskar served as the CEO of Unique Computing Solutions, an Internet technology and services firm. He also co-founded e-Solutions Integrator in 1999, an e-business consulting firm, which subsequently merged with Unique Computing Solutions. Bhaskar completed his BS in Computer Science, and prior to Unique Computing Solutions and e-Solutions Integrator, he served as a technologist at IBM, State Street Bank and TELCO as the chief architect of some of the Web's earliest products.

Following are the particulars of directorships held in other companies: - **Table - 6**

Name of the Company	Designation
CellExchange Inc., USA	Director
CTE Inc., USA	Director
Comcreaton Inc., USA	Director

Mr. D R R Swaroop
Director

Mr. Swaroop heads the overall operations in India and specifically responsible for all the corporate governance and statutory compliances related aspects of the Company. Prior to his association with Cambridge Technology Enterprises Ltd, Swaroop co-founded successful IT Systems Integration Company namely M/s D.S. Unics Infotech Limited with a team size of over 150 personnel. Swaroop is a Graduate Engineer in Electrical Engineering from Jawaharlal Nehru Technological University, India.

Following are the particulars of directorships held in other companies: - **Table - 7**

Name of the Company	Designation
DS Unics Infotech Limited	Managing Director
Comcreation Inc., USA	Director

- The following are the brief profiles furnished hereunder with respect to Additional directors who are proposed to be appointed as Directors at this AGM liable to retire by rotation.

Mr. R. Natarajan
Independent Director

Mr. R. Natarajan is the CFO - Investment Advisor in M/s Helion Ventures Private Limited, Bangalore. Before joining Helion, Mr Natarajan was Global CFO and Head of Support Services at Tavant Technologies Inc, a US \$ 60 Mn Company. During his stint in Tavant he led the key initiatives of strengthening and implementing several internal processes related to Finance, HR and IS and championing organizational improvement programs. Prior to Tavant, Natarajan was Chief Finance Officer and Chief Information Officer at Wipro ePeripherals (WeP). He worked for about 10 years in the Wipro group of Companies, in the areas of strategic business planning, financial services accounting, marketing, HR, Information services, finance and resource management, treasury and taxation. Mr Natarajan contributed significantly to the profitability through treasury management, controllership and compliances. WeP was awarded the Best IT Usage Award by NASSCOM in the ICT Category in September 2003, an initiative led by Natarajan as the CIO. Natarajan started his career in 1989 with SRF Limited, a manufacturing company based in New Delhi.

He holds an accounting degree from ICWAI and ICSI and is a certified black belt in Six Sigma.

Following are the particulars of directorships held in other companies: - **Table - 8**

Name of the Company	Designation
Tavant Technologies India (Pvt) Ltd	Director
Azul Systems India Pvt Ltd	Director
Hurix Systems Pvt. Ltd	Director

Mr. H.K. Katti
Independent Director

Mr. H K Katti is the Managing Director and Executive Vice-President of Knowledge Systems Private Ltd, which is a wholly owned subsidiary of CIBER Inc., USA, and a billion dollar global software company. He has a blend of Business and Technology skills and has over 25 years of IT Industry experience. He started his career with Indian Defense Lab as Senior Scientific Officer as head of Signal Processing and Graphics division. During his tenure with Wipro, he has made substantial contribution towards its all round growth. He was in-charge of its world wide software operations that included Products, Projects and consultancy businesses. He was instrumental in identifying and growing reputed customer accounts including Nortel, Hewlett Packard, Sequent and General Electric. Prior to founding Knowledge Systems, he was Managing Director of Cambridge Information Technology, an organization

that focused on delivering world-class distribution solutions to international customers. Other than Ciber Inc. USA, he does not hold directorships in other companies.

Mr. Kamlesh S Gandhi
Independent Director

Kamlesh S Gandhi is the part of Capital and Financial Markets in India for the past 35 years and has been a member of the BSE for 14 years from 1981 to 1995. He was a Director on the Board of Association. As a Merchant Banker Instrumental in raising funds for over 300 capital issues and involved in placement of equities of several companies with retail, high net worth and Institutional Investors, both domestic and overseas.

Mr. Gandhi traveled extensively to West Asian Countries, UK, North America and the Far East Asian Countries in connection with these activities. He has extensive contacts in the corporate and financial circles. He also had frequent interactions with officials in the Ministry of Finance, Reserve Bank of India and Securities and Exchange Board of India.

Mr. Gandhi participated in many seminars as speaker in India and Overseas on Investments matter in context with the Indian Capital Market. He was the Guest Speaker at Training Institutes of Banks and Bankers Training College of RBI, on Merchant Banking Activities.

He was a Non Executive Director of Several Companies including Dr. Reddy's Group, Rasi Group and Kirloskar Group. He is involved in advising several NRO investors including many high net worth NRI's.

Following are the particulars of directorships held in other companies: - **Table - 9**

Name of the Company	Designation
Religare Capital Markets Limited	Director
Religare Securities Ltd.	Director
Priyadarshini Spinning Mills Limited	Director
Bhagyanagar India Limited	Director
Bombay Swadeshi Stores Limited	Director
Kirloskar Electric Company Limited	Director
Lalbawa Investment and Trading Co. Private Limited	Director

Prohibition of Insider Trading

The Company has implemented a policy prohibiting Insider Trading as per the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Company has laid necessary procedures prohibiting the persons/employees who are connected and deemed to have access for price sensitive information. The same has also been hosted in the Company's website www.ctepl.com

Annexure – I

Declaration of the Chief Executive Officer on Compliance with Code of Business conduct and ethics.

Cambridge Technology Enterprises Ltd (CTEL) has adopted a Code of Business Conduct and Ethics ("the Code") which is applied to all employees and Directors of the Company, its subsidiaries and affiliates. Under the code, it is the responsibility of all employees and Directors to familiarize themselves with the Code and comply with its standards.

CEO & CFO CERTIFICATION

We, Bhaskar C Panigrahi, Chairman & CEO and Y. Ramesh Reddy, CFO of **M/s Cambridge Technology Enterprises Ltd**, to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year and to the best of our knowledge and belief certify that:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls and that we have disclosed to the auditors

I hereby certify that the Board members and senior management personnel of CTET have affirmed compliance with the Code for the financial year 2006-2007.

Sd/-
Bhaskar C Panigrahi
Chairman & CEO

Place : Bangalore
Date : 31st July, 2007

and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

4. We have indicated to the auditors and the Audit Committee
 - a.) Significant changes in internal control during the year
 - b.) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c.) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Sd/-
Bhaskar C Panigrahi
Chairman & CEO

Sd/-
Y. Ramesh Reddy
Chief Financial Officer

Place : Bangalore
Date : 31st July, 2007

CERTIFICATE OF COMPLIANCE

To
The Members of Cambridge Technology Enterprises Ltd

We have examined the Compliance of conditions of Corporate Governance by Cambridge Technology Enterprises Ltd ("the Company"), for the year ended on March 31, 2007, as stipulated in Clause 49 of the Listing Agreements of the Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance, as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has

complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We 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.

For Narven Associates
Chartered Accountants
G V Ramana
Partner
Membership No.: 25995

Place: Bangalore
Date: 31st July, 2007

Additional Shareholders' Information

Contact Information

Registered and Corporate office:
Cambridge Technology Enterprises Ltd
Plot No.1244, Road No.36,
Jubilee Hills, Hyderabad – 500 033.
Andhra Pradesh, India.
T +91-40-40234400
F +91-40-40234600
W <http://www.ctepl.com>

Representing Officers

Correspondence to the following officers may be addressed at the registered and corporate office of the Company.

Chief Financial Officer

Mr. Y. Ramesh Reddy
T +91-40-40234400
F +91-40-40234600
E investors@ctepl.com

Company Secretary & Compliance Officer

Mr. T.N.Kannan
T +91-40-40234400
F +91-40-40234600
E investors@ctepl.com

Events for Financial Year 2006-2007

- Annual General Meeting
Date : 29th September, 2007
Time : 11.00 a.m.
Venue : Aditya Park Inn, Aditya Trade Centre
Ameerpet, Hyderabad – 500 038.
- Last date for receipt of
Proxy Forms: 27th September, 2007 at 11.00 a.m.
- Book Closure Date: 26th September, 2007 to
29th September, 2007 (both days inclusive)
- Dividend: Nil.
- Listing on Stock Exchanges, Stock Codes and Stock data.

Equity Shares	Stock Codes
The Bombay Stock Exchange Ltd ("BSE")	532801
The National Stock Exchange of India Limited ("NSE")	CTE

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.

CIN Number

The Corporate Identity Number ("CIN") of the Company, as allotted by the Ministry of Corporate Affairs is U72200AP1999PLC030997.

f. Registrar and Share Transfer Agents:

M/s Bigshare Services Private Ltd
G-10, Left Wing, Amrutha Ville,
Opp.Yashoda Hospital, Rajbhavan Road,
Hyderabad – 500 082.
T +91-40-23374967
F +91-40-23370295
E hyd2_bigshare@yahoo.com

Contact Person – Mr. Dharma Veer, Branch Manager.

1. Equity History of the Company

The equity history of the Company from incorporation of the company till March 31, 2007 is as under.

Date of allotment	Particulars	Issued	Cancelled	Cumulative
28.01.1999	Subscription to Memorandum	200	-	200
18.12.2000	Issue to Promoters	425000	-	425200
18.12.2000	Allotment to others	49800	-	475000
18.05.2002	Buyback of shares	-	49900	425100
31.10.2003	Allotment to others	5000	-	430100
30.07.2005	Bonus Shares issued to others	25500	-	455600
30.07.2005	Issue of Bonus Shares to Promoters	2125000	-	2580600
28.03.2006	Allotment to CTE Trust	500000	-	3080600
13.04.2006	Issue Bonus shares to Promoters	5100400	-	8181000
13.04.2006	Bonus shares to others	1060800	-	9241800
28.05.2006	Preferential allotment to Promoters	266670	-	9508470
01.02.2007	Allotment of equity shares through IPO to public	6315945	-	15824415

- Description of voting rights
All shares issued by the Company carry equal rights.
- Persons holding 1 per cent or more of the shares in the Company is as under:

Sl. No.	Name	No.of shares held	% of paid up capital
Promoters			
1.	Mr Krishna P Nangegadda	1174968	7.43
2.	Mr. Bhaskar C Panigrahi	1451959	9.18
3.	M/s CellExchange Inc.	1244783	7.87
4.	M/s Internet Business Capital Corporation	5940481	37.54
Others - Public			
5	Minivet Limited	644780	4.07
6	Merrill Lynch Capital Markets Ltd	255000	1.61

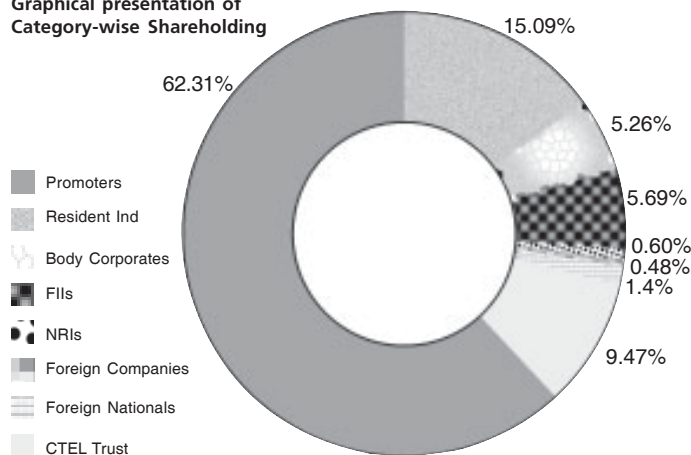
c. Stock Data

Month	BSE		NSE	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs.)
February-2007	119.90	48.00	121.10	45.00
March-2007	77.95	53.50	78.65	53.65

2. Shareholding pattern as on 31.3.2007

Sl. No.	Name of the Shareholder & Category	No. of Shares held capital	% to the total equity
Promoters			
1.	Mr. Bhaskar C Panigrahi	1451959	9.17
2.	Mr. Krishna P Nangegadda	1174968	7.43
3.	M/s CellExchange Inc., USA	1244783	7.87
4.	M/s Internet Business Capital Corporation Inc., USA	5940481	37.54
	Sub-Total	9812191	62.01
Non-Promoters			
5.	Resident Individuals/Indian Public	2389096	15.09
6.	Body Corporates	831635	5.26
7.	Foreign Institutional Investors	899780	5.69
8.	Non-Resident Indians (NRIs)	94230	0.60
9.	Foreign Companies	76472	0.48
10.	Foreign Nationals	221011	1.40
11.	CTEL Trust	1500000	9.47
	Sub-Total	6012224	38.00
	Grand Total	15824415	100.00

Graphical presentation of Category-wise Shareholding



Distribution of Shareholding according to shareholder class:

As on March 31, 2007

Range in (Rs)	No. of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
1-5,000	10,479	92.75	1431724	9.05
5,001-10,000	443	3.92	358795	2.27
10,001-20,000	187	1.66	288054	1.82
20,001-30,000	48	0.42	120933	0.76
30,001-40,000	27	0.24	97318	0.62
40,001-50,000	26	0.23	120937	0.76
50,001-1,00,000	47	0.42	354215	2.24
1,00,001 and above	41	0.36	13052439	82.48
	11,298	100.00	15824415	100.00

3. Share Transfer System

All services relating to share transfers/transmissions and information may be addressed to:

M/s Bigshare Services Private Ltd
G-10, Left Wing, Amrutha Ville,
Opp.Yashoda Hospital, Rajbhavan Road,
Hyderabad – 500 082.
T +91-40-23374967
F +91-40-23370295
E hyd2_bigshare@yahoo.com

Contact Person – Mr. Dharma Veer, Branch Manager.

The Company periodically audits the operations and reviews status on investors' complaints with share transfer agent. The number of shares transferred /transmitted in physical form apart from investor's queries and complaints are as under:

Shares transferred/transmitted in physical form.

Number of transfers / transmissions	48
Number of Shares	7798967

4. Dematerialization of shares

In order to facilitate easy access of dematerialized system to the investors, the Company has signed up with both the depositories, namely, National Securities Depository Limited (NSDL) and Central

Depository Services (India) Limited (CDSL) and has established connectivity with the depositories through our Registrars – Bigshare Services Private Ltd, Mumbai.

5. Secretarial Audit

During the quarter i.e. as on 31st March, 2007, 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) with 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.

6. Shareholder queries received and replied

Status as on 31.3.2007

Category	Opening Balance	Received	Redressed	Pending
Non-Receipt of Allotment / Refund	0	28	28	0
Correction in refund order	0	25	18	7
Non-receipt of shares into demat account	0	149	149	0
SEBI Complaints	0	3	3	0
Total		205	198	7

The balance seven pending complaints have since been resolved as on the date of this report.

7. General Body Meetings

a. Last three Annual General Meetings.

Year	Date and Time	Location
2003-2004	31 st June, 2004, at 11.00 a.m.	At the registered office of the company.
2004-2005	30 th June, 2005, at 11.00 a.m.	At the registered office of the company.
2005-2006	21 st April, 2006, at 10.00 a.m.	At the registered office of the company.

b. Whether any Special Resolutions passed in the previous 3 AGM: Yes

Date of AGM	Subject matter of Special Resolution	Authority of passing or agreeing to the Resolution
21 st April, 2006	a. Issue of Bonus Shares b. Consent of shareholders u/s 81 of the Companies Act, 1956 for issue of bonus shares. c. Consent of shareholders under section 81(1A) for issue of ESOPs. d. Consent of shareholders under section 81(1A) for issue of shares other than existing shareholders through IPO. e. Consent of shareholders under section 81 of the Companies Act, 1956 for Allotment of shares to CellExchange Inc., USA.	Approved by shareholders at AGM
14 th March, 2006	a. Conversion of private to public limited company u/s 44(1) of the Companies Act, 1956. b. Adoption of New set of Articles of Association.	Approved by shareholders at EGM
29 th July, 2005	a. Alteration of Articles of Association u/s 31 of the Companies Act, 1956 for inclusion of new articles viz, 27B, 53A and 53B in the Articles of Association. b. Alteration in article 3 of the Articles of Association subsequent to authorized capital change in Clause V of the Memorandum of Association. c. Consent of shareholders for issue of Bonus shares	Approved by shareholders at EGM.

Date of AGM	Subject matter of Special Resolution	Authority of passing or agreeing to the Resolution
14 th March, 2005	a. Change in name of the company u/s 16, 21 & 31 of the Companies Act, 1956 from CellExchange (India) Pvt Ltd to Cambridge Technology Enterprises Pvt. Ltd.	Approved by shareholders at EGM.
13 th July, 2004	a. Change in name of the company u/s 16, 21 & 31 of the Companies Act, 1956 from Cambridge Technology Enterprises Pvt. Ltd to CellExchange (India) Pvt Ltd.	Approved by shareholders at EGM.
5 th March, 2004	a. Change in name of the company u/s 16, 21 & 31 of the Companies Act, 1956 from CellExchange (India) Pvt Ltd to Cambridge Technology Enterprises Pvt. Ltd.	Approved by shareholders at EGM.

c. Special Resolution passed last year through postal ballot: **No.**

a. Whether any Special Resolution is proposed to be conducted through postal ballot: **No.**

8. Means of Communication

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

1 st Quarter	-	During 3 rd or 4 th week of July
2 nd Quarter	-	During 3 rd or 4 th week of October
3 rd Quarter	-	During 3 rd or 4 th week of January
4 th Quarter	-	During 3 rd or 4 th week of June

- Newspapers wherein results are normally published: Business Standard & Andhra Bhoomi.
- Website wherein the financial results and official news releases are displayed and made available for investors: www.ctepl.com

9. Software Development Locations

USA

Cambridge Technology Enterprise Inc.,
101 Main Street, 16th Floor,
Cambridge, MA 02142

Kansas

120 SE, 6th Avenue, Suite 100, Topeka,
KS 66603-3515
Phone: 785-231-6005 Fax: 785 -354-4377

Illinois (Chicago)

1189 Shawford Way Elgin, IL 60120
Phone: 847-695-0599

Florida

4905 Belfort Road,
Suite 110, Jacksonville,
FL 32256
Phone: 630-233-8381
Fax: 847-628-0765

Texas

5605, North MacArthur Blvd,
Suite 330, Irving Texas 75038
Phone : 972 518 2323
Fax : 214 853 5447

INDIA

Hyderabad

Plot No. 1244, Road No. 36, Jubilee Hills,
Hyderabad - 500 033 Andhra Pradesh, India
Phone: +91-40-4023 4400
Fax: +91-40-4023 4600

Pune

27-28, E-wing, Mantri-Kishor Complex,
Range Hills Rd, Shivaji Nagar, Pune - 411 020
Maharashtra, India
Phone: +91-20-6400 5731/32

Bangalore

Development Centre1
#2, 2nd Floor, 38th Main, 15th Cross,
J P Nagar, 6th Phase, Industrial Area,
Bangalore - 560 076
Phone : 91 80 2664 1666/67
Fax: 91 80 2664 1668

Development Centre 2
GR Plaza, J P Nagar, 6th Phase,
Kanakpura Main Road, Bangalore - 560 076
Phone: 91 80 4155 2311

AUDITORS' REPORT

To
The Members of
CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED

1. We have audited the attached Balance Sheet of **CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED**, as at March 31, 2007 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors as on March 31, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of Clause

(g) of sub-section (1) of Section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
- (b) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **NARVEN ASSOCIATES**

Chartered Accountants
G V Ramana
Partner
Membership No.: 25995

Place: Hyderabad
Date : 26 May, 2007

Annexure to Auditor's Report Referred to in Paragraph 3 of our report of even date

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and the situation of its fixed assets;
- b. A major portion of fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed have been properly dealt with in the books of account;
- c. In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
- (ii) The company is a service company primarily rendering IT Consulting & Software Development Services. Accordingly, the company does not hold inventories. Accordingly matters specified in Clause 4(ii) of the Order are not applicable to the company.
- (iii) In respect of the loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
 - a. The company has given loan to its wholly owned subsidiary and the maximum amount outstanding at anytime during the year and the year end balance was Rs.40,695,624.
 - b. In our opinion and according to the information and explanations given to us, the aforesaid loan is interest free

- and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- c. The said interest free loan given to the wholly owned subsidiary of the Company is repayable on demand and there is no repayment schedule.
 - d. In respect of the loan given by the company, the same is repayable on demand and therefore the question of overdue does not arise.
 - e. The company has not taken any loans, secured or unsecured from companies, firms or other parties in the register maintained under Section 301 of the Act.
 - f. In view of clause 3(e) above, the clause 3(iii)(f) and 3(iii)(g) of the Order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets and with regard to sale of Services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal controls.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered into in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs.500,000/- (Rupees five lakh) with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business;
- (viii) According to the information and explanations given to us, the company is not required to maintain cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the services carried out by the company.
- (ix) a. According to the records of the company and the information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed amount of provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March, 2007 for a period of more than six months from the date they became payable. As explained to us, the Service Tax, Excise Duty and Customs Duty are not applicable to the company;
- b. According to the information and explanations given to us, there are no dues in respect of Income Tax, Excise Duty, Customs Duty, Wealth Tax, Service tax, Sales Tax and Cess that have not been paid to the concerned authorities on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and has not incurred any cash losses during the year or in the immediately preceding financial year;
- (xi) Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to any financial institution or bank or deposit holders as at the balance sheet date.
- (xii) Based on our examination and 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. Accordingly, clause 4(xii) of the Order is not applicable.
- (xiii) The Company is not a chit/nidhi/mutual benefit fund/society. Accordingly, clause 4(xiii) of the Order is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments; Accordingly, clause 4(xiv) of the Order is not applicable.
- (xv) On the basis of the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions;
- (xvi) According to the information and explanations given to us and on the basis of our examination of the books of account, the term loans obtained by the Company were applied for the purpose for which such loans were obtained.
- (xvii) On the basis of our examination of the books of accounts and the information and explanation given to us, in our opinion, the funds raised on short-term basis have not been used for long-term investment and vice versa.
- (xviii) The company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act'1956, based on valuation of shares by the management, which in our opinion is prima facie not prejudicial to the interest of the company.
- (xix) The Company has not issued any Debentures during the year;
- (xx) We have verified the end-use of money raised by public issue as disclosed in the notes to the financial statements;
- (xxi) Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For NARVEN ASSOCIATES

Chartered Accountants

G V Ramana

Partner

Membership No.: 25995

Place: Hyderabad

Date: 26 May, 2007

BALANCE SHEET

(Amount in Rs.)

	Schedule No	As at 31st March'2007	As at 31st March'2006
I. SOURCES OF FUNDS			
A. SHAREHOLDERS' FUNDS:			
(a) Share Capital	1	158,244,150	30,806,000
(b) Reserves and surplus	2	232,760,231	69,864,243
B. LOAN FUNDS:	3	321,259	264,883
TOTAL		391,325,640	100,935,126
II. APPLICATION OF FUNDS			
A. FIXED ASSETS:			
(a) Gross:Block	4	20,729,837	20,938,698
(b) Less:Depreciation		13,290,270	14,084,010
(c) Net Block		7,439,567	6,854,688
(d) Capital work-in Progress		20,471,348	-
(e) Goodwill on account of consolidation			
B. INVESTMENTS	5	175,723,191	38,810,000
C. CURRENT ASSETS, LOANS & ADVANCES			
(a) Sundry Debtors	6	89,530,758	35,205,264
(b) Cash & Bank Balances	7	67,449,981	630,846
(c) Loans & Advances	8	88,011,780	33,375,070
		244,992,519	69,211,180
Less:			
Current Liabilities & Provisions:			
(a) Current Liabilities	9	55,590,456	14,646,502
(b) Provisions	10	1,710,529	367,518
NET CURRENT ASSETS		187,691,534	54,197,160
D. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	11	-	1,073,278
TOTAL		391,325,640	100,935,126
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16	-	-

As per our report of even date attached
For **NARVEN ASSOCIATES**
Chartered Accountants

For and on behalf of the Board of Directors

G.V. Ramana
(Partner)
Membership No.:25995

Bhaskar C. Panigrahi
Chairman & CEO

D.R.R. Swaroop
Whole Time Director

Place : Hyderabad
Date : 26.05.2007

Y. Ramesh Reddy
Chief Financial Officer

T.N. Kannan
Company Secretary

PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	Schedule No	For the year ended 31st March 2007	For the period ended 31st March 2006
I. INCOME			
Exports			
Sale of Software		176,576,823	184,039,726
Other Income	12	1,950,278	2,559,456
Total		178,527,101	186,599,182
II. EXPENDITURE			
Personnel Cost	13	92,281,997	111,604,245
General and Administrative Expenses	14	28,374,444	31,114,260
Financial Charges	15	2,664,353	380,673
Depreciation	4	2,372,410	4,741,811
Prior Period (Income) / Expenses (Net)		(6,853)	192,808
Total		125,686,351	148,033,797
Profit before Tax		52,840,750	38,565,385
Less: Provision for Income Tax			
Current Tax		10,000	-
Fringe Benefit Tax		221,264	130,552
Earlier year taxes		24,676	34,396
Profit after Tax		52,584,810	38,400,437
Add: Balance brought forward from previous year		44,365,243	27,469,806
Balance Carried to Balance Sheet		96,950,053	65,870,243
Basic Earning per Share		5.06	4.39
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16		

As per our report of even date attached
For NARVEN ASSOCIATES
Chartered Accountants

G.V. Ramana
(Partner)
Membership No.:25995

Place : Hyderabad
Date : 26.05.2007

For and on behalf of the Board of Directors

Bhaskar C. Panigrahi
Chairman & CEO

Y. Ramesh Reddy
Chief Financial Officer

D.R.R. Swaroop
Whole Time Director

T.N. Kannan
Company Secretary

SCHEDULES TO BALANCE SHEET

Description	As at 31st March'2007		As at 31st March'2006	
	Rs.	Rs.	Rs.	Rs.
1. Share Capital				
Authorised				
200,00,000 Equity Shares of Rs.10/- each (Previously 150,00,000 Equity Shares of Rs.10/- each)	-	200,000,000	-	150,000,000
Issued, Subscribed and Paid up 1,58,24,415 (Previous year 3080,600) Equity Shares of Rs. 10/- each of the above	-	158,244,150	-	30,806,000
a) 58,11,700 (Previous year 21,50,500) Equity Shares have been allotted as fully paid bonus shares by capitalization of surplus in Profit & Loss Account)				
b) 25,00,000 Equity Shares have been allotted as fully paid Shares by Capitalization of Share Premium				
Total	-	158,244,150	-	30,806,000
2. Reserves & Surplus				
Capital Redemption Reserve:				
As per Last Balance Sheet	-	499,000	-	499,000
Share Premium account				
As per Last Balance Sheet	25,000,000	-	25,000,000	-
Add: Received during the Period	194,180,010	-	-	-
		219,180,010		
Less: Amount utilised for bonus Issue	(25,000,000)	-	-	-
Initial Public Issue expenses written off	(22,256,832)	-	-	-
		171,923,178		25,000,000
Profit and Loss account:				
Surplus in Profit & Loss Account	96,950,053	-	65,870,243	-
Less: Amount utilised for bonus Issue	(36,612,000)	-	(21,505,000)	-
Balance in profit and loss account	-	60,338,053	-	44,365,243
	-	232,760,231	-	69,864,243
3. Loans Funds				
Secured Loans:				
Term Loans:				
from Banks				
ICICI Bank	-	-	-	264,884
(against hypothecation of Computers & Equipment)	-	-	-	-
Working Capital Loans from Banks:				
UTI Bank	-	321,259	-	-
(Secured by hypothecation of Current Assets, Movable Fixed Assets)				
Total	-	321,259	-	264,884

4. Fixed Assets

(Amount in Rs.)

S. No.		GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Name of Asset as at 01.04.2006	Cost During the Period	Additions during the period	Deletions as at 31.03.2007	Cost Up to 01.04.2006	Period	For the during the period	Deletions upto 31.03.2007	Total As at 31.03.2007	As at 01.04.2006
1	Air Conditioners	229,315	84,230	229,315	84,230	150,974	15,490	156,328	10,136	74,094	78,341
2	Electrical Fittings	1,248,125	694,434	1,001,716	940,843	520,241	140,769	548,807	112,203	828,640	727,884
3	Furniture & Fixtures	2,856,211	1,120,215	2,784,755	1,191,671	1,378,922	196,445	1,490,073	85,294	1,106,377	1,477,289
4	Computers	12,900,696	2,266,870	429,600	14,737,966	9,227,786	1,795,683	413,005	10,610,464	4,127,502	3,672,910
5	Office Equipment	1,421,572	1,107,298	1,252,868	1,276,002	523,309	127,333	557,937	92,704	1,183,298	898,263
7	Software	2,282,779	216,346	-	2,499,125	2,282,779	96,690	-	2,379,469	119,656	-
	TOTAL	20,938,698	5,489,393	5,698,254	20,729,837	14,084,010	2,372,410	3,166,150	13,290,270	7,439,567	6,854,687
	Previous Year	19,515,186	1,825,756	402,244	20,938,698	9,642,796	4,741,811	(300,597)	14,084,010	6,854,688	9,872,390

5. Investments
Long Term Investments
(Non trade and unquoted)

Sl. No.	Particulars	Opening as on 31st March 2006			Purchases			Sales			Balance as on 31st March 2007		
		No. of Shares	Face Value per Share Rs.	Aggregate Value Rs.	No. of Shares	Face Value per Share Rs.	Aggregate Value Rs.	No. of Shares	Face Value per Share Rs.	Aggregate Value Rs.	No. of Shares	Face Value per Share Rs.	Aggregate Value Rs.
A	Long Term, Unquoted: Investments made in fully paid equity shares in Wholly owned Subsidiary - Cambridge Technology Enterprises Inc	-	-	-	1,000,000	-	73,870,110	-	-	-	1,000,000	-	73,870,110
		-	-	-	1,000,000	-	73,870,110	-	-	-	1,000,000	-	73,870,110
B	Current Investment, Unquoted: Investment in Mutual Funds	-	-	-	1,825	-	227,037	-	-	-	-	-	-
		-	-	-	1,825	-	227,037	-	-	-	-	-	-
	- DSP Merrill Lynch Liquidity Fund	529,471	10	5,300,000	1,825	10	227,037	424,771	10	4,251,956	102,875	12.39	1,275,081
	- LICMF Liquid Fund	3,065,097	10	33,250,000	65,632	10	1,084,481	3,130,729	10	34,334,481	-	-	-
	- SBIMF MSFU Emerging Business Fund	14,387	10	260,000	0	10	-	14,387	10	234,788	-	-	-
	- Standard Chartered Fixed Maturity Plan *	-	-	-	10,057,800	10	100,578,000	-	-	-	10,057,800	10	100,578,000
	Total	3,608,955	-	38,810,000	10,125,257	-	101,889,518	3,569,887	-	38,821,225	10,160,675	22	101,853,081
	Grand Total (A+B)	3,608,955	-	38,810,000	11,125,257	-	175,759,628	3,569,887	-	38,821,225	11,160,675	-	175,723,191
	Previous Year	609,877	-	6,119,830	1,410	-	14,152	611,287	-	6,137,179	-	-	-

* Represents unutilized public issue amount

Description	As at 31st March 2007		As at 31st March 2006	
	Rs.	Rs.	Rs.	Rs.
6. Sundry Debtors				
(Unsecured, Considered good)				
Above Six Months				
Below Six Months	-	89,530,758	-	35,205,264
(@ Amount outstanding from the US wholly owned subsidiary Cambridge Technology Enterprises Inc)				
(Maximum amount outstanding from the US wholly owned subsidiary Cambridge Technology Enterprises Inc Rs.895,30,758 (Previous Year Nil.)				
Total	-	89,530,758	-	35,205,264
7. Cash & Bank Balances				
Cash on hand	-	148,598	-	1,797
Balances with Scheduled Banks:				
in Current Accounts *	-	66,540,163	-	209,781
in Current Accounts in Foreign Currency	-	544,194	-	44,610
in Deposits	-	217,026	-	374,658
Total	-	67,449,981	-	630,846
(* Includes unutilized public issue amount of Rs.638,92,916)				
8. Loans & Advances				
(Unsecured, considered good)				
(Advances recoverable in cash or in kind or value to be received)				
Loans and Advances	-	37,643,755	-	30,125,189
Advance to US wholly owned Subsidiary Cambridge Technology Enterprises Inc	-	40,695,624	-	-
(Maximum amount outstanding from the US wholly owned subsidiary Cambridge Technology Enterprises Inc Rs.40,695,624 (Previous Year Nil.)	-	-	-	-
Deposits	-	8,497,614	-	2,219,843
Prepaid Expenses	-	1,174,787	-	1,030,038
Total	-	88,011,780	-	33,375,070

Description	As at 31st March 2007		As at 31st March 2006	
	Rs.	Rs.	Rs.	Rs.
9. Current Liabilities				
Sundry Creditors: for Services & Supply of goods* (* includes creditors for capital goods Rs.200,000. Previous Year Rs.NIL)		3,370,831		427,339
for other liabilities and expenses ** (Previous Year Rs.NIL)		52,219,625		14,219,163
Total		55,590,456		14,646,502
10.Provisions				
Provision for Fringe Benefit Tax (net of advance tax)		121,264		-
Provision for Income Tax (net of advance tax)		10,000		-
Provision for Gratuity		1,579,265		367,518
Total		1,710,529		367,518
11.Miscellaneous Expenditure (to the extent not written off or adjusted)				
a) Deferred CMM Expenditure				
As per last Balance Sheet	1,073,278	-	3,091,351	-
Add : Addition During the Period	-	-	-	-
	1,073,278		3,091,351	
Less: Written off during the Period	1,073,278		2,018,073	
Total (a)	-	-	-	1,073,278
b) Initial Public Offer Expenses				
As per last Balance Sheet	-	-	-	-
Add: Incurred During the period	22,256,832	-	-	-
	22,256,832	-	-	-
Less : Adjusted against share premium	(22,256,832)	-	-	-
Total (b)	-	-	-	-
Total (a)+(b)	-	-	-	1,073,278

(**Includes un-encashed share application money refund orders of Rs. 1,651,024)

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Amount in Rs.)

Description	For the Year Ended 31.03.2007	For the Period Ended 31.03.2006
12.Other Income		
Interest Income	38,587	32,511
<i>Income from non trade Investments:</i>		
Dividend received on Mutual funds	1,889,518	582,654
Provision no longer required Written Back	-	1,944,291
Other Income	22,173	-
Total	1,950,278	2,559,456
13.Personnel Cost		
Salaries, Bonus and other benefits	87,440,995	110,157,164
Contribution to Provident Fund	225,503	415,184
Directors' Remuneration	3,600,000	1,000,000
Managerial Commission	-	5,953,833
Staff Welfare	1,015,499	1,031,897
Total	92,281,997	118,558,078
14.General & Administrative Expenses		
Consultancy and Professional Charges	2,117,050	2,053,876
Directors' sitting fee	90,000	-
Electricity Charges	1,260,540	1,303,306
Exchange Loss (net)	1,070,629	47,113
Insurance Expenses	253,330	182,324
Listing fee	85,500	-
Subcontractors-Cost		
Postage & Shipping	161,085	159,092
Internet Charges	1,653,469	2,395,459
Telephone Charges	1,180,537	1,013,185
Computer hire charges	820,769	437,655
Printing & Stationery	500,389	431,902
Rates & Taxes	385,095	1,165,393
Payments to Statutory Auditors		
- As Auditors	224,480	82,650
- Tax Audit Fees	56,120	47,550
- Certificates and Other services	56,120	32,240
Rent	7,521,880	5,161,123
Office Maintenance	1,020,853	1,286,312
Repairs & Maintenance-Others	836,930	601,045
Loss on sale of Asset	1,344,632	7,647
Loss on sale of Mutual fund	25,212	-
Staff Recruiting & Training	2,129,157	1,030,138
STPI Charges	200,000	250,000
Travelling & Conveyance (Incl. Foreign Travel)	3,007,285	2,732,695
General & Miscellaneous Expenses	1,300,104	1,832,437
CMMI Certification Expenses Written Off	1,073,278	2,018,073
Total	28,374,444	24,271,215
15.Financial Charges		
Interest on Working Capital loan & Other	2,664,353	269,883
Total	2,664,353	269,883

16.SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. Following are the significant accounting policies adopted by the Company.

1. Preparation and presentation of financial statements

a. BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAAP), the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the company.

b. USE OF ESTIMATES

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of revenues and expenses during the reporting period. Difference between the actual and estimates are recognized in the period in which the results are known / materialized.

2. Fixed Assets

a) Fixed assets are stated at the cost of acquisition including incidental cost related to acquisition, installation and all other costs including borrowing cost attributable to bringing the assets to commercial production are capitalized and shown as net of accumulated depreciation. .

b) Depreciation on the 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.

c) Capital work-in-progress includes advances paid towards the acquisition of fixed assets, expenditure incurred on development of re-usable component library and the cost of assets not put to use before the year-end.

3. Revenue Recognition

The company generally follows mercantile system of accounting and recognizes significant items of income on accrual basis.

a. Revenue Recognition relating to the services rendered to company's subsidiaries:

Revenue from software development is recognized on the basis of a service agreement entered into with the subsidiary company on a cost plus based arrangement for services provided.

b. Revenue Recognition relating to the services rendered to outsiders:

Revenue from sale of software products is recognized when the sale is completed with the passing of title to the customers and revenue from software development on the time-and-material basis is recognized based on software developed and billed to clients as per the terms of contracts.

c. Interest Income on term deposits is recognized using the time-proportion method, based on interest rates implicit in the transaction.

d. Income on investments and dividends on units is recognized as and when right to receive the same is established.

4. Expenditure

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

5. Investments

i. Long-Term Investments are carried at cost, and provision is made to recognize any decline, other than temporary, in the value of such investment.

ii. Current investments are carried at the lower of cost and quoted/fair value, computed category wise.

6. Miscellaneous Expenditure

a. Deferred Revenue Expenses:

Deferred revenue expenses relating to the CMM are written off over a period of 5 years.

7. Capital Issue Expenditure

The capital issue expenditure has been written off against the share premium received on issue of Equity shares.

8. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

9. Retirement Benefits to employees

Company's contribution to Provident Fund is charged to Profit & Loss Account. Gratuity is charged to Profit & Loss Account on the basis of actuarial valuation as at the year end.

10. Foreign Currency transactions

- i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.
- ii. Monetary items denominated in foreign currencies at the year-end and not covered by forward exchange contracts are translated at the rates of exchange at the balance sheet date and resulting gain or loss is recognized in the profit and loss account.

11. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

12. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

13. Income Tax

Provision for income tax is made for both current and deferred taxes. Provision for current Income tax is made at current tax rates based on assessable income. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates is recognized using the tax rates and tax laws that have been enacted or substantively enacted by balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

14. Earnings per share

In determining earnings per share, the company considers the net profit after tax and includes the post-tax effect of any extraordinary items. The number of shares used in computing the basic earnings per share is the weighted average number of shares outstanding during the year.

II Notes on accounts**1. Commitments and Contingencies**

- a. The estimated amount of contracts remaining to be executed on capital account, and not provided for (net of advances) Rs.NIL (Previous year Rs.NIL).

2. 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 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

3. Statement of Utilization of Initial Public Offer (IPO) Funds as of 31st March'2007.

	No. of shares	Price	Amount (Rs)
Amount raised through IPO	6,315,945	Rs.38 each	240,005,910
Less: Share issue expenses (Restricted to amount projected in Prospectus for Initial Public Offer)			(20,000,000)
Net Proceeds			220,005,910
Deployment			
1. General Corporate Purposes			
Expansion of Facilities			29,408,455
Capital Expenditure on Intellectual Property Creation, Reusable Components Library			20,471,347
Working Capital			6,233,192
2. Held under Short Term Investments & Escrow account for pending utilization			
Investments in Mutual Funds			100,000,000
In Escrow Account with Deutsche Bank			63,892,916
Net Proceeds			220,005,910

During the year the company came-out with the initial public issue of 6,315,945 Shares of Rs.10 each at a premium of Rs.28 each.

4. Managerial Remuneration

Managerial Remuneration and sitting fee paid to Whole Time Director and Non-Executive Directors.

	Current Year (Rs.)	Previous Year (Rs.)
Salaries & Allowances	36,00,000	8,50,000
Leave Travel Allowance	89,567	0
Commision	0	59,53,833
Directors Sitting Fee	90,000	0
Total	37,79,567	68,03,833

5. In the opinion of the board of directors the Current assets, Loans & Advances are expected to realize approximately the values stated in the accounts in the ordinary course of business, and provisions for all known liabilities have been adequately made in the accounts.

6. Earnings in Foreign Currency (FOB)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Software Development & Services	176,576,823	184,039,726
Total	176,576,823	184,039,726

7. Expenditure in Foreign Currency

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Capital Goods (CIF)	14,60,253	-
Traveling & Others	51,36,262	-
	-	
Total	65,96,515	Nil

8. Remuneration to Statutory Auditors

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Statutory Audit fee	224,480	82,650
Tax Audit fee	56,120	47,550
Certification Fee & Others	56,120	32,240
Total	336,720	162,440

9. Segmental Reporting

As required by the Accounting Standard (AS 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 its business. The company's total exports are to United States of America.

10. Related Party Transactions

a) Name of Related Parties & relationship

Party Name	Relation
CTE Inc.,USA	A wholly owned subsidiary
D.S.Unics Infotech Ltd	Company under Common control
Cell Exchange Inc	Company under Common control
Bhaskar Panigrahi	Chairman & CEO
Krishna Nangegadda	Whole time director
D.R.R. Swaroop	Whole time director

b) Transactions with related parties

Name of the related party	Cambridge Technology Enterprises Inc, USA	D.S.Unics Infotech Ltd	Cell Exchange Inc	Bhaskar Panigrahi	D.R.R. Swaroop	Krishna Nangegadda
Description of the Relationship between the parties	A wholly owned subsidiary	Company under Common control	Company under Common control	Chairman & CEO	Whole time director	Whole time director
Description of the nature of transactions	Sale of software services & Loan given	Consultancy, Purchase of computer peripherals	Sale of Software	Remuneration & Leave Travel Allowance	Remuneration	Remuneration
Volume of the transactions either as an amount or as appropriate proportion	Rs.159,030,979	Rs.97,545	Rs.17,545,847	Rs.1,289,567	Rs.1,200,000	Rs.1,200,000
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	a. Rs.89,530,758 {Debt Due} b. Rs.40,695,624 {Loan Outstanding} c. (Rs.40,326,312) {Expenses Reimbursable}	NIL	NIL	Rs.57,926	Rs.57,925	NIL
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL	NIL

11. Prior period items, material items, non-recurring and extraordinary items are disclosed separately.

12. There were no overdue amounts exceeding Rs.100,000/- each, which age outstanding for more than 30 days payable to Small Scale Industrial Undertaking as at March 31, 2007.

13. Earnings per Share

	Current Year	Previous Year
a) Net Profit as per Profit and Loss Account (Rs)	52,609,488	38,434,833
b) (Less): Taxation for earlier year (Rs)	(24,676)	(34,396)
c) Profit available for equity share holders (Rs)	52,584,812	38,400,437
d) Weighted average number of Equity Shares used as denominator for calculating EPS	10,383,936	8,747,279
e) Basic and Diluted Earnings per share of Rs.10/- each.	5.06	4.39

14. Paise have been rounded off to the nearest rupee.

15. Figures for the corresponding period ended March 31, 2006 represents 15 months period and wherever necessary, have been regrouped, recast, and rearranged to conform to those of the current year.

16. There is no other additional information pursuant to the provisions of Part II Schedule VI of the Companies Act, 1956.

As per our report of even date attached
For NARVEN ASSOCIATES

Chartered Accountants

G.V. Ramana

(Partner)

Membership No.:25995

For and on behalf of the Board of Directors

Bhaskar C. Panigrahi

Chairman & CEO

D.R.R. Swaroop

Whole Time Director

Place : Hyderabad

Date : 26.05.2007

Y. Ramesh Reddy

Chief Financial Officer

T.N. Kannan

Company Secretary

CASH FLOW STATEMENT (STANDALONE)

	For the year ended 31st March 2007 Rs.	For the period ended 31st March 2006 Rs.
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before tax	52,840,750	38,565,385
Adjustment for:		
Depreciation & Amortization	2,372,410	4,741,811
CMM Expenses Written off	1,073,278	2,018,073
Dividend Income from Mutual Funds	(1,889,518)	(582,654)
Interest Income	(38,587)	(32,511)
Interest Expenses (net)	2,664,353	269,883
Provision on longer required written back	-	(1,944,291)
Loss on sale of Assets (Net)	1,344,632	7,647
Loss on sale of Mutual funds	25,212	-
Operating profit before working capital changes	58,392,530	43,043,343
Adjustment for:		
Change in Sundry Debtors	(54,325,494)	(12,072,476)
Change in Loans & Advances	(13,902,499)	(26,865,487)
Change in Current Liabilities and Provision	41,955,701	4,749,080
Cash generated from operations	32,120,238	8,854,460
Income tax (paid) / refunded	(124,676)	(164,948)
Net cash from operating activities A	31,995,562	8,689,512
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(25,760,741)	(1,825,756)
Sale of Fixed Assets	1,187,472	94,000
Purchase of Investments	(100,000,000)	(38,810,000)
Advance Given to Subsidiary	(40,695,624)	-
Dividend Income from Mutual Funds	-	582,654
Sale of investments	38,821,225	-
Purchase of Investments in subsidiary	(73,870,110)	-
Net cash from investing activities B	(200,317,778)	(39,959,102)
C. Cash Flows from Financing Activities		
Proceeds from issue of share capital	260,006,160	30,000,000
Refund of share application	-	(2,000)
Issue expenses	(22,256,831)	-
Increase (Decrease) in Term Loans (net)	(264,884)	(1,895,938)
Change in working capital loans	321,259	-
Interest Paid	(2,664,353)	(269,883)
Net cash used from financing activities C	235,141,351	27,832,179
Net change in cash (A+B+C)	66,819,135	(3,437,411)
Cash and cash equivalents at beginning of year	630,846	4,068,257
Cash and cash equivalents at end of year	67,449,981	630,846

As per our report of even date attached
For **NARVEN ASSOCIATES**
Chartered Accountants

For and on behalf of the Board of Directors

G.V. Ramana
(Partner)
Membership No.:25995

Bhaskar C. Panigrahi
Chairman & CEO

D.R.R. Swaroop
Whole Time Director

Place : Hyderabad
Date : 26.05.2007

Y. Ramesh Reddy
Chief Financial Officer

T.N. Kannan
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I Registration Details

Registration No.	01-30997	State Code	01
Balance Sheet Date	31-03-2007		

II Capital raised during the year

(Amount in Rs. '000)

Public Issue	240000	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of Mobilization and Deployment

of funds (Amount in Rs. '000)

Total Liabilities	391326	Total Assets	391326
Sources of Funds			
Paid-up Capital	158244	Reserves & Surplus	232760
Secured Loans	321	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	7440	Investments	175723
Net Current Assets	187691	Miscl. Expenditure	NIL
Accumulated Losses	NIL		

IV Performance of Company

(Amount in Rs. '000)

Turnover	176577	Total Expenditure	125686
Profit / Loss before tax	+52841	Profit / Loss after tax	+52585
Earning per share in Rs.	5.06	Dividend rate %	NIL

V Generic Names of Principal Products / Services of Company

(As per Monetary Terms)

Item Code Number (ITC Code) 8524539.10

Product Description Software Development

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors of
CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED

1. We have examined the attached Consolidated Balance Sheet of **CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED ("the Company")** and its wholly owned subsidiary Cambridge Technology Enterprises Inc, as at March 31, 2007 and the related Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the wholly owned subsidiary company Cambridge Technology Enterprises Inc, for the year ended on 31st March'2007. These statements were audited by other auditors whose reports have been furnished to us, and our opinion, so far as it relates to the subsidiary company is based solely on the report of the other auditors.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements

of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of Cambridge Technology Enterprises Limited and its subsidiary (Cambridge Technology Enterprises Inc) that has been audited by other auditors included in the aforesaid consolidation.

4. Based on our audit and on the consideration of the report of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its wholly owned subsidiary as at 31st March, 2007;
 - (b) In the case of consolidated Profit and Loss Account, of the consolidated Profits of the company and its wholly owned subsidiary for the year then ended ; and
 - (c) In the case of Consolidated Cash Flow Statement, of the Consolidated cash flows of the company and its wholly owned subsidiary for the year then ended;

For NARVEN ASSOCIATES
Chartered Accountants
G V Ramana
Partner
Membership No.: 25995

Place: Hyderabad
Date : 26 May, 2007

CONSOLIDATED BALANCE SHEET*(Amount in Rs.)*

	Schedule No	As at 31st March 2007
I. SOURCES OF FUNDS		
A. SHAREHOLDERS' FUNDS:		
(a) Share Capital	1	158,244,150
(b) Reserves and surplus	2	230,639,686
B. LOAN FUNDS:	3	14,884,678
TOTAL		403,768,514
II. APPLICATION OF FUNDS		
A. FIXED ASSETS:		
(a) Gross :Block	4	21,258,279
(b) Less : Depreciation		13,427,187
(c') Net Block		7,831,092
(d) Capital work-in Progress		39,186,409
(e) Goodwill on account of consolidation		71,360,220
B. INVESTMENTS	5	101,853,081
C. CURRENT ASSETS, LOANS & ADVANCES\		
(a) Sundry Debtors	6	41,011,652
(b) Cash & Bank Balances	7	90,878,211
(c') Loans & Advances	8	73,849,712
		205,739,575
Less:		
Current Liabilities & Provisions:		
(a) Current Liabilities	9	23,249,010
(b) Provisions	10	8,462,228
NET CURRENT ASSETS		174,028,337
D. Deferred Tax		9,509,376
E. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	11	-
TOTAL		403,768,514
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16	-

As per our report of even date attached
For NARVEN ASSOCIATES
Chartered Accountants

For and on behalf of the Board of Directors

G.V. Ramana
(Partner)
Membership No.:25995

Bhaskar C. Panigrahi
Chairman & CEO

D.R.R. Swaroop
Whole Time Director

Place : Hyderabad
Date : 26.05.2007

Y. Ramesh Reddy
Chief Financial Officer

T.N. Kannan
Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	Schedule No	Consolidated for the year ended 31.03.2007
I. INCOME		
Exports		
Sale of Software		234,024,275
Other Income	12	1,950,278
Total		235,974,553
II. EXPENDITURE		
Personnel Cost	13	121,143,063
General and Administrative Expenses	14	58,944,459
Financial Charges	15	2,664,353
Depreciation	4	2,509,326
Prior Period (Income)/Expenses (Net)		(6,853)
Total		185,254,348
Profit before Tax		50,720,205
Less: Provision for Income Tax		
Current Tax		9,894,603
Deferred Tax		(9,884,603)
Fringe Benefit Tax		221,264
Earlier year taxes		24,676
Profit after Tax		50,464,265
Add: Balance brought forward from previous year		44,365,243
Balance Carried to Balance Sheet		94,829,508
Basic Earning per Share		4.86
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	16	

As per our report of even date attached

For **NARVEN ASSOCIATES**

Chartered Accountants

For and on behalf of the Board of Directors

G.V. Ramana

(Partner)

Membership no. 25995

Place :Hyderabad

Date :26.05.2007

Bhaskar C. Panigrahi

Chairman & CEO

D.R.R. Swaroop

Whole Time Director

Y. Ramesh Reddy

Chief Financial Officer

T.N. Kannan

Company Secretary

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Amount in Rs.)

Description	As at 31st March 2007	As at 31st March 2007
1. Share Capital		
Authorised		
200,00,000 Equity Shares of Rs.10/- each	-	200,000,000
Issued, Subscribed and Paid up		
1,58,24,415 (Previous year 3080,600) Equity Shares of Rs. 10/-each of the above	-	158,244,150
Total	-	158,244,150
2. Reserves & Surplus		
Capital Redemption Reserve:		
As per Last Balance Sheet	-	499,000
Share Premium account		
As per Last Balance Sheet	25,000,000	-
Add : Received during the Period	194,180,010	-
	219,180,010	-
Less: Amount utilised for bonus Issue	(25,000,000)	-
Initial Public Issue expenses written off	(22,256,832)	-
		171,923,178
Profit and Loss account :		
Surplus in Profit & Loss Account	94,829,508	-
Less: Amount utilised for bonus Issue	(36,612,000)	-
Balance in profit and loss account	-	58,217,508
Total	-	230,639,686
3. Loan Funds		
Secured Loans		
Working Capital Loans from Banks		
UTI Bank	-	321,259
(Secured by hypothecation of Current Assets, Movable Fixed Assets)		
Total	-	321,259
Unsecured Loans		
From Others	-	14,563,419
Total	-	14,563,419
Total (1+2)	-	14,884,678

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

4. FIXED ASSETS

Amount in Rs.

S. No.	Name of Asset	Gross Block				Depreciation				Net Block	
		Cost as at 01.04.2006	Additions During the Year	Deletions During the Year	Cost as at 31.03.2007	Up to 01.04.2006	For the Year	Deletions During the Year	Total upto 31.03.2007	As at 31.03.2007	As at 01.04.2006
1	Air Conditioners	229,315	84,230	229,315	84,230	150,974	15,490	156,328	10,136	74,094	78,341
2	Electrical Fittings	1,248,125	694,434	1,001,716	940,843	520,241	140,769	548,807	112,203	828,640	727,884
3	Furniture & Fixtures	2,856,211	1,120,215	2,784,755	1,191,671	1,378,922	196,445	1,490,073	85,294	1,106,377	1,477,289
4	Computers	12,900,696	2,440,053	429,600	14,911,149	9,227,786	1,843,676	413,005	10,658,457	4,252,692	3,672,910
5	Office Equipment	1,421,572	1,462,557	1,252,868	1,631,261	523,309	216,256	557,937	181,628	1,449,633	898,263
7	Software	2,282,779	216,346	-	2,499,125	2,282,779	96,690	-	2,379,469	119,656	-
	TOTAL	20,938,698	6,017,835	5,698,254	21,258,279	14,084,011	2,509,326	3,166,150	13,427,187	7,831,092	6,854,687

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

5. Investments

Long Term Investments
(Non trade and unquoted)

Sl. No.	Particulars	Opening as on 31st March 2006			Purchases			Sales			Balance as on 31st March 2007		
		No. of Shares	Face Value per Share Rs.	Aggregate Value Rs.	No. of Shares	Face Value per Share Rs.	Aggregate Value Rs.	No. of Shares	Face Value per Share Rs.	Aggregate Value Rs.	No. of Shares	Face Value per Share Rs.	Aggregate Value Rs.
A	Current Investment, Unquoted:												
	Investment in Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-
	DSP Merrill Lynch Liquidity Fund	529,471	10	5,300,000	1,825	10	227,037	424,771	10	4,251,956	102,875	12.39	1,275,081
	LICMF Liquid Fund	3,065,097	10	33,250,000	65,632	10	1,084,481	3,130,729	10	34,334,481	-	10	-
	SBIMF MSFU Emerging Business Fund	14,387	10	260,000	0	10	-	14,387	10	234,788	-	-	-
	Standard Chartered Fixed Maturity Plan *	-	-	-	10,057,800	10	100,578,000	-	-	-	10,057,800	10	100,578,000
	Grand Total	3,608,955	-	38,810,000	10,125,257	-	101,889,518	3,569,887	-	38,821,225	10,160,675	32	101,853,081
	Previous Year	609,877	-	6,119,830	1,410	-	14,152	611,287	-	6,137,179	-	-	-

* Represents unutilized public issue amount

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Amount in Rs.)

Description	As at 31st March 2007
6. Sundry Debtors	
(Unsecured, Considered good)	
Above Six Months	78,462
Below Six Months	40,933,190
Total	41,011,652
7. Cash & Bank Balances	
Cash on hand	148,598
Balances with Scheduled Banks :	
in Current Accounts *	66,540,163
in Current Accounts in Foreign Currency	544,194
in Deposits	217,026
Balances with Scheduled Banks :	
in Current Accounts in Foreign Currency	23,428,230
(Silicon Valley Bank, United States Of America)	
(Maximum balance outstanding during the period Rs.234,28,230.)	
Total	90,878,211
(* Includes unutilized public issue amount of Rs.638,92,916)	
8. Loans & Advances	
(Unsecured, considered good)	
(Advances recoverable in cash or in kind or value to be received)	
Loans and Advances	64,177,311
(includes unbilled revenue Rs.326,68,228)	-
Deposits	8,497,614
Prepaid Expenses	1,174,787
Total	73,849,712
9. Current Liabilities	
Sundry Creditors:	
for Services & Supply of goods *	3,370,831
(* includes creditors for capital goods Rs.200,000.)	
for other liabilities and expenses **	19,878,179
(**Unclaimed share Application Money Rs.1651,024.)	
Total	23,249,010

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Amount in Rs.)

Description	As at 31st March 2007	As at 31st March 2007
10. Provisions		
Provision for Fringe Benefit Tax (net of advance tax)	-	121,264
Provision for Income Tax (net of advance tax)	-	6,761,699
Provision for Gratuity	-	1,579,265
Total	-	8,462,228
11. Miscellaneous Expenditure (to the extent not written off or adjusted)		
a) Deferred CMM Expenditure As per last Balance Sheet	1,073,278	
Add : Addition During the Period	-	
Less : Written off during the Period	1,073,278	
	1,073,278	
Total (a)	-	-
b) Initial Public Offer Expenses As per last Balance Sheet	-	-
Add : Incurred During the period	22,256,832	-
	22,256,832	-
Less : Adjusted against share premium	(22,256,832)	-
Total (b)	-	-
Total (a)+(b)		-

SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT

Description	Consolidated for the year ended 31.03.2007
12. Other Income	
Interest Income	38,587
<i>Income from non trade Investments:</i>	
Dividend received on Mutual funds	1,889,518
Other Income	22,173
Total	1,950,278
13. Personnel Cost	
Salaries, Bonus and other benefits	111,205,003
Contribution to Provident Fund	2,320,864
Directors' Remuneration	3,600,000
Staff Welfare	4,017,196
Total	121,143,063
14. General & Administrative Expenses	-
Consultancy and Professional Charges	4,751,192
Directors' sitting fee	90,000
Electricity Charges	1,260,540
Exchange Loss (net)	1,072,352
Insurance Expenses	253,330
Listing fee	85,500
Subcontractors-Cost	11,068,136
Postage & Shipping	161,085
Internet Charges	1,653,469
Telephone Charges	2,008,215
Computer hire charges	820,769
Printing & Stationery	500,389
Rates & Taxes	1,198,410
Payments to Statutory Auditors:	
As Auditors	224,480
Tax Audit Fees	56,120
Certificates and Other services	56,120
Rent	7,521,880
Office Maintenance	5,667,801
Repairs & Maintenance-Others	1,187,448
Loss on sale of Asset	1,344,632
Loss on sale of Mutual fund	25,212
Staff Recruiting & Training	2,129,157
STPI Charges	200,000
Travelling & Conveyance (Incl.Foriegn Travel)	11,980,024
General & Miscellaneous Expenses	2,554,920
CMMI Certification Expenses Written Off	1,073,278
Total	58,944,459
15 Financial Charges	
Interest on Working Capital loan & Other	2,664,353
Total	2,664,353

NOTES ON ACCOUNTS ON CONSOLIDATION 2007

Schedule No 16.

Significant accounting policies and notes on accounts to Consolidated Balance Sheet and Profit & Loss Account

I.

1. **Name of the subsidiary:** Cambridge Technology Enterprises Ltd., has acquired the entire share capital of M/s. Cambridge Technology Enterprises Inc., (CTE Inc) a Delaware Corporation having its office at 101, Main Street, 16th Floor, Cambridge, MA 02142, USA on 1.5.2006 and from that date Cambridge Technology Enterprises Inc., has become a wholly owned subsidiary.

Name of the Subsidiary	Country of Incorporation	% of holding	effective date
Cambridge Technology Enterprises Inc.	U.S.A	100%	1 st May 2006

2. Basis of Preparation of Consolidated Financial Statements

The Consolidated financial statements have been prepared under historical cost convention on accrual basis and going concern. All figures are in Indian rupees unless expressly stated. The Consolidated statements are prepared as per the principles laid down in Accounting Standard (AS) 21 issued by the Institute of Chartered Accountants of India. All material Inter-company transactions and balances have been eliminated on consolidation. Consolidation financial statements are prepared using uniform accounting policies except for depreciation charged in the books of the subsidiary. For conversion of financials of the foreign subsidiary revenue items are consolidated at monthly average rate and all assets and liabilities are converted at year end rate. Exchange difference arising on consolidation is charged to profit and loss account.

For the purpose of consolidation the accounts of the subsidiary have been considered for 11 months period effective from 1st May, 2006 to 31st March, 2007.

3. Goodwill on Account of Consolidation

The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognised in the financial statements as Goodwill. Goodwill arising on consolidated of subsidiary is not amortised. It is tested for impairment on a periodical basis and written off if found impaired.

4. Significant accounting policies

a) Preparation and presentation of financial statements

• BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAAP), the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the company.

• USE OF ESTIMATES

The presentation of financial statements in conformity with the generally accepted accounting principles requires

estimates and assumptions to be made that affect the reported amount of revenues and expenses during the reporting period. Difference between the actual and estimates are recognized in the period in which the results are known / materialized.

1. Fixed Assets

- a) Fixed assets are stated at the cost of acquisition including incidental cost related to acquisition and installation less accumulated depreciation.
- b) Expenditure incurred on development of reusable component library is capitalized at cost.
- c) Depreciation on the 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. Depreciation has been provided by overseas subsidiary on the method and at rate required /permissible by the local laws so as to write off the assets over the useful life.
- d) Capital work-in-progress includes advances paid towards the acquisition of fixed assets, expenditure incurred on development of re-usable component library and the cost of assets not put to use before the year-end.

2. Revenue Recognition

The company generally follows mercantile system of accounting and recognizes significant items of income on accrual basis.

1. Revenue from sale of software products is recognized when the sale is completed with the passing of title to the customers and revenue from software development on the time-and-material basis is recognized based on software developed and billed to clients as per the terms of contracts.
2. Interest Income on term deposits is recognized using the time-proportion method, based on interest rates implicit in the transaction.
3. Unbilled revenues represent cost and earnings in excess of billings as at the balance sheet date.
4. Income on investments and dividends on units is recognized as and when right to receive the same is established.

3. Expenditure

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

4. Investments

Current investments are carried at the lower of cost and quoted/ fair value, computed category wise.

5. Income Tax

Tax expense for the year comprises of current tax and deferred tax. Current taxes are measured at the amount expected to be paid using the applicable tax rates and tax laws. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect of deferred tax assets and liabilities of a change in tax rates is recognised in the profit and loss account in the year of change. Deferred tax assets and deferred tax liabilities are recognised for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.

6. Earnings per share

In determining earnings per share, the company considers the net profit after tax and includes the post-tax effect of any extraordinary items. The number of shares used in computing the basic earnings per share is the weighted average number of shares outstanding during the year as per the Accounting Standard (AS) 20.

II. Notes on accounts

1. Commitments and Contingencies

- The estimated amount of contracts remaining to be executed on capital account, and not provided for (net of advances) Rs.Nil
- In the opinion of the board of directors the Current assets, Loans & Advances are expected to realize approximately the values stated in the accounts in the ordinary course of business, and provisions for all known liabilities have been adequately made in the accounts.

3. Segmental Reporting

As required by the Accounting Standard (AS 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 its business. The company total exports are relating to United States of America.

4. Related Party Transactions

a) Name of Related Parties & relationship

Party Name	Relation
D.S.Unics Infotech Ltd	Company under Common control
Cell Exchange Inc	Company under Common control
Bhaskar Panigrahi	Chairman & CEO
Krishna Nangegadda	Whole time director
D.R.R. Swaroop	Whole time director

b) Transactions with related parties

Name of the related party	D.S.Unics Infotech Ltd	Cell Exchange Inc	Bhaskar Panigrahi	D.R.R.Swaroop	Krishna Nangegadda
Description of the Relationship between the parties	Two common directors, viz. DRR Swaroop, Krishna Nangegadda	Company under Common control	Chairman & CEO	Whole time director	Whole time director
Description of the nature of transactions	Consultancy, Purchase of computer peripherals	Sale of Software, Expenses for Services, Loan Given & Taken	Remuneration & Leave Travel Allowance	Remuneration	Remuneration
Volume of the transactions either as an amount or as appropriate proportion	Rs.97,545	Rs.225,49,262 (Sale of Services), Rs.38,35,920 (Expenses Services Provided), Loan given during the year Rs.776,36,614 & Loan taken during the year Rs.925,03,974	Rs.12,89,567	Rs.12,00,000	Rs.12,00,000
The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date	NIL	Rs.38,35,920 (Payables) & Rs.145,63,332 (Loan Outstanding)	Rs.57,926	Rs.57,925	NIL
Provisions for doubtful debts due from such parties at that date and amounts written off or written back in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL

5. Prior period items, material items, non-recurring and extraordinary items are disclosed separately.

6. Earnings per Share.

	Current Year
a) Net Profit as per Profit and Loss Account (Rs)	504,88,944
b) (Less): Taxation for earlier year (Rs)	24,676
c) Profit available for equity share holders (Rs)	504,64,268
d) Weighted average number of Equity Shares used as denominator for calculating EPS	103,83,936
e) Basic and Diluted Earnings per share of Rs.10/- each.	4.86

7. Paise have been rounded off to the nearest rupee.

8. This is the first year of consolidation of accounts. Hence previous year figures are not available.

9. There is no other additional information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 1956.

As per our report of even date attached

For NARVEN ASSOCIATES

Chartered Accountants

For and on behalf of the Board of Directors

G.V. Ramana

(Partner)

Membership no. 25995

Place :Hyderabad

Date :26.05.2007

Bhaskar C. Panigrahi

Chairman & CEO

Y. Ramesh Reddy

Chief Financial Officer

D.R.R. Swaroop

Whole Time Director

T.N. Kannan

Company Secretary

CASH FLOW STATEMENT (CONSOLIDATED)

	For the year ended 31st March 2007 (Rs.)
A. Cash Flow from Operating Activities	
Net Profit / (Loss) before tax	50,720,205
Adjustment for:	
Depreciation & Amortization	2,509,326
CMM Expenses Written off	1,073,278
Dividend Income from Mutual Funds	(1,889,518)
Interest Income	(38,587)
Interest Expenses (net)	2,664,353
Loss on sale of Assets (Net)	1,344,632
Loss on sale of Mutual funds	25,212
Operating profit before working capital changes	56,408,901
Adjustment for:	
Change in Sundry Debtors	8,972,307
Change in Loans & Advances	(40,357,534)
Change in Current Liabilities and Provision	(2,302,663)
Cash generated from operations	22,721,011
Income tax (paid)/ refunded	(3,648,909)
Net cash from operating activities A	19,072,102
B Cash Flow from Investing Activities	
Purchase of Fixed Assets	(45,004,244)
Sale of Fixed Assets	1,187,472
Purchase of Investments	(100,000,000)
Dividend Income from Mutual Funds	-
Sale of investments	38,821,225
Purchase of Investments in subsidiary	(73,870,110)
Net cash from investing activities B	(178,865,657)
C. Cash Flows from Financing Activities	
Procedure from issue of share capital	260,006,160
Refund of share application	-
Issue expenses	(22,256,832)
Increase (Decrease) in Term Loans (net)	(264,884)
Change in working capital loans	321,259
Increase in unsecured loans	14,563,419
Interest Paid	(2,664,353)
Dividend paid	-
Net cash used from financing activities C	249,704,769
Net change in cash (A+B+C)	89,911,214
Cash and cash equivalents at beginning of year	966,997
Cash and cash equivalents at end of year	90,878,211

As per our report of even date attached

For **NARVEN ASSOCIATES**
Chartered Accountants

For and on behalf of the Board of Directors

G.V. Ramana
(Partner)
Membership No.:25995

Bhaskar C. Panigrahi
Chairman & CEO

D.R.R. Swaroop
Whole Time Director

Place : Hyderabad
Date : 26.05.2007

Y. Ramesh Reddy
Chief Financial Officer

T.N. Kannan
Company Secretary

CONSOLIDATED BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I Registration Details

Registration No.	01-30997	State Code	01
Balance Sheet Date	31-03-2007		

II Capital raised during the year

(Amount in Rs. '000)

Public Issue	240000	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	403768	Total Assets	403768
Sources of Funds			
Paid-up Capital	158244	Reserves & Surplus	230640
Secured Loans	321	Unsecured Loans	14563
Application of Funds			
Net Fixed Assets	7831	Investments	101853
Net Current Assets	174028	Miscl. Expenditure	NIL
Accumulated Losses	NIL	Deferred Tax	9509

IV Performance of Company

(Amount in Rs. '000)

Turnover	234024	Total Expenditure	185254
Profit / Loss before tax	+50720	Profit / Loss after tax	+50464
Earning per share in Rs.	4.86	Dividend rate %	NIL

V Generic Names of Principal Products / Services of Company

(As per Monetary Terms)

Item Code Number (ITC Code) 8524539.10

Product Description Software Development

STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT 1956 RELATING TO SUBSIDIARY COMPANY

1	Name of the Subsidiary Company	Cambridge Technology Enterprises Inc.
2	Financial year of the Subsidiary Company	1 st April 2006 to 31 st March 2007
3	Number of shares in the Subsidiary Company held by Cambridge Technology Enterprises Ltd. on the above date	1,000,000
4	Holding Company's interest in percentage	100%
5	Net aggregate amount of Profit/(Loss) of the Subsidiary so far as they concern the members of Cambridge Technology Enterprises Ltd: (a) Dealt with in the accounts of Cambridge Technology Enterprises Ltd. (b) Not dealt with in the accounts of Cambridge Technology Enterprises Ltd.	 Nil US \$ (46880)
6	Net aggregate amount of Profit/(Loss) for previous financial years of the Subsidiary so far as they concern the members of Cambridge Technology Enterprises Ltd: (a) Dealt with in the accounts of Cambridge Technology Enterprises Ltd. (b) Not dealt with in the accounts of Cambridge Technology Enterprises Ltd.	 Nil Nil

Cambridge Technology Enterprises Inc., Cambridge, Massachusetts, USA

Directors

Mr. Bhaskar C Panigrahi	- Sole Director
Mr. Krishna P Nangegadda	- Director (Resigned w.e.f. 15/3/2007)
Mr. Sundar Subramaniam	- Director (Resigned w.e.f. 15/3/2007)

Company Number: 3944317

Registered Office

101, Main Street, 16th Floor,
Cambridge, Massachusetts, 02142 USA

Auditors

Walker, Chandiok & Co.,
53, Sagar Society,
Road No. 2, Banjara Hills,
Hyderabad - 500 034, India

Business Address

101, Main Street, 16th Floor,
Cambridge, Massachusetts, 02142 USA

Financial Year

1st April, 2006 to 31st March, 2007

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Annual Report with audited accounts of the Company for the year ended 31st March 2007.

Financial Results

The total income of the Company for the year was USD 4,679,180 and the loss after tax for the year ended 31st March 2007 was USD 46,880.

Directors Responsibility Statement

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

1. In preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures if any;
2. We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2006-07 and of loss of the Company for that period;
3. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. We have prepared the annual accounts on an on-going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 are as under:

1. Conservation of Energy

Software Industry is not power intensive. However, adequate measures have been taken to conserve energy, wherever possible.

2. Technology Absorption

Cambridge Technology Enterprises Inc., is a thought leader and

leading innovator of comprehensive Service Oriented Architecture (SOA) based enterprise transformation and integration solutions and services provider. The Company trains its software engineers on a regular basis on the latest trends and technologies. The technology thus absorbed is put to use in delivering the final product to the end clients. The Company's unique CCD (Cambridge Collaborative Delivery) methodology combines intense workshops, solution visualization and global spiral based Rapid Application Development (RAD) to achieve demonstrable value in short business cycles.

3. Foreign Exchange Earnings and Outgo

(in USD)

Particulars	2006-07
Foreign Exchange Earnings	4,679,180
Foreign Exchange Outgo	4,722,919

Acknowledgements

The Directors wish to place on record their sincere appreciation for significant contribution made by the employees through their dedication, hard work and commitment and the trust reposed on us by our clients.

We also acknowledge the support and wise counsel extended to us by the Analysts, Bankers, Government Agencies and Shareholders at large. We look forward to having the same support in our endeavor to serve our clients better.

For CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED

Sd/-

Bhaskar C Panigrahi
Director

Place: Bangalore
Date: 31st July, 2007

AUDITORS' REPORT

To

The Board of Directors of
Cambridge Technology Enterprises Inc.

- (1) We have audited the attached Balance Sheet of Cambridge Technology Enterprises Inc ("the Company") as at March 31, 2007 and also the Profit and Loss Account and the cash flow statement for the period May 01, 2006 to March 31, 2007 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- (2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3) The financial statements of the Company, which have been prepared under Generally Accepted Accounting Practices in United States of America (USA) for the period January 1, 2006 to April 30, 2006 were audited and reported by another firm of Independent Accountants, under the Generally accepted auditing standards in United States of America (USA) vide their unqualified report dated October 5, 2006, issued in the USA. The balances as at May 1, 2006, as per the audited financial statements for the period January 1, 2006 to April 30, 2006 have been considered as opening balances for the purpose of these financial statements.

(4) We report that:-

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. in our opinion, proper books of account have been kept by the Company so far as appears from our examination of those books;
- iii. the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 2007;
 - b) in the case of the Profit and Loss Account, of the loss for the period May 01, 2006 to March 31, 2007 ; and
 - c) in the case of Cash Flow Statement, of the cash flows for the period May 01, 2006 to March 31, 2007.

- (5) The audit report is issued only for the limited purposes of consolidation of financial statements of Cambridge Technology Enterprises Limited for the year ended March 31, 2007 and should not be used for any other purpose or issued/distributed to anyone without our prior written consent.

For Walker, Chandio & Co
Chartered Accountants
Khushroo B. Panthaky
Partner
Membership No.: F-42423

Place: Hyderabad
Date: May 26, 2007

Cambridge Technology Enterprises, Inc

BALANCE SHEET AS AT MARCH 31, 2007

(Amount in USD)

	Schedule No.	As at March 31,2007
I. Sources of funds		
Shareholder's funds		
(a) Capital	1	10,000
Loan funds		
(a) Unsecured Loan	2	1,267,700
Total		1,277,700
II. Applications of funds		
Fixed Assets	3	
(a) Gross Block		12,123
(b) Less Depreciation		3,141
(c) Net Block		8,982
(d) Capital work in progress including capital advances		429,343
		438,325
Deferred tax asset (net)		
Accruals and provisions		218,155
Current assets, loans and advances		
(a) Sundry debtors	4	940,850
(b) Cash and bank balances	5	537,468
(c) Loans and advances	6	784,392
(d) Other current assets	7	749,443
Less		3,012,153
Current Liabilities and Provisions		
(a) Liabilities	8	2,237,110
(b) Provisions	9	154,891
		2,392,001
Net current assets		620,152
Profit and loss account	10	1,068
Total		1,277,700
Notes to the financial statements	13	

The schedules referred to above and notes to accounts form an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date.

For Walker, Chandiok & Co.
Chartered Accountants

For and on behalf of Board of Directors

Khushroo B. Panthaky
Partner
Membership No. : F-42423

Bhaskar C Panigrahi
Director

Place: Hyderabad
Date : May 26, 2007

Cambridge Technology Enterprises, Inc

PROFIT AND LOSS ACCOUNT FOR THE PERIOD MAY 01, 2006 (DATE OF ACQUISITION) TO MARCH 31, 2007

(Amount in USD)

	Schedule No	For the period May 01, 2006 to March 31, 2007
INCOME		
Income from Services		4,679,180
TOTAL		4,679,180
EXPENDITURE		
Personnel Expenditure	11	636,968
Operational and other general and administrative Expenditure	12	4,085,951
Depreciation		3,141
TOTAL		4,726,060
(Loss) before Tax		(46,880)
Provision for Income Tax		
- Current (including short provision of earlier period)		218,155
- Deferred tax benefit		(218,155)
(Loss) after Tax		(46,880)
Add: Balance carried forward from earlier period		45,812
Balance Carried to Balance Sheet		(1,068)
Basic and diluted Earnings per share (per equity share of USD 0.01 each)		(0.0011)
No. of shares used in computing earnings per share		1,000,000
Notes to the financial statements	13	

The schedules referred to above and notes to accounts form an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date.

For Walker, Chandiok & Co.
Chartered Accountants

For and on behalf of Board of Directors

Khushroo B. Panthaky
Partner
Membership No. : F-42423

Bhaskar C Panigrahi
Director

Place: Hyderabad
Date : May 26, 2007

Cambridge Technology Enterprises, Inc

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in USD)

	As at March 31, 2007
Schedule 1	
Capital	
Authorised	
1,000,000 (Previous Year 1,000,000) Equity shares of USD 0.01 each	10,000
Issued, Subscribed and Paid up	
1,000,000 (Previous Year 1,000,000) Equity shares of USD 0.01 each (All the above shares are up held by Cambridge Technology Enterprises Limited, the holding company)	10,000
	10,000
Schedule 2	
Unsecured Loan	
<u>Others</u>	
Loans and advances from others *	1,267,700
(due within one year USD 500,000) * Represents interest free loan from Cambridge Technology Enterprises Limited (holding Company) USD 933,600 and CellExchange Inc (a Company under the same management), USD 334,100	
	1,267,700

Schedule 3

Fixed Assets

Particulars	Gross Block		Depreciation		Net Block
	Additions during the period May 01, 2006 to March 31, 2007	As at March 31, 2007	For the period May 01, 2006 to March 31, 2007	As at March 31, 2007	As at March 31, 2007
Office equipment	8,150	8,150	2,040	2,040	6,110
Computers	3,973	3,973	1,101	1,101	2,872
Total	12,123	12,123	3,141	3,141	8,982

(Amount in USD)

	As at March 31, 2007
Schedule 4	
Sundry Debtors	
Debts outstanding for a period exceeding six months	1,800
Other Debts	939,050
	940,850
Schedule 5	
Cash and Bank	
Bank balance with Non Scheduled banks on current accounts (Refer note 7 of Notes on accounts)	537,468
	537,468

Cambridge Technology Enterprises, Inc

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS*(Amount in USD)*

	As at March 31, 2007
Schedule 6 Loans and Advances	
Advances recoverable in cash or in kind for value to be received *	784,392
* includes dues from Cambridge Technology Enterprises Limited, holding Company, amounting USD 741,530 (maximum amount outstanding at any time during the year is USD 741,530)	
	784,392
Schedule 7 Other Current Assets	
Unbilled revenue	749,443
	749,443
Schedule 8 Liabilities	
Sundry Creditors	
- Dues to Small scale industrial undertakings	-
- Dues to other than small scale industrial undertakings	2,237,110
	2,237,110
Schedule 9 Provisions	
Provision for Income taxes (net of advance tax paid)	154,891
	154,891
Schedule 10 Profit and loss account	
Balance carried from profit and loss account	(1,068)
	(1,068)

Cambridge Technology Enterprises, Inc

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in USD)

	For the period May 01, 2006 to March 31, 2007
Schedule 11 Personnel Expenditure	
Salaries, Wages and Bonus	524,476
Contribution to provident and other funds	46,245
Staff welfare	66,247
	636,968
Schedule 12 Operational and other general and administrative expenditure	
Rent, rates and taxes	17,950
Repairs and Maintenance expenses	7,736
Software development and cost of services	3,655,580
Office Expenses	102,559
Professional Charges	52,136
Traveling and conveyance expenses	198,030
Communication expenses	18,266
Auditors remuneration	
- Statutory audit	6,000
Selling and distribution expenses	13,500
Miscellaneous Expenses	14,194
	4,085,951

Cambridge Technology Enterprises, Inc

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS**SCHEDULE 13****Notes on accounts****1. Background**

Cambridge Technology Enterprises Inc, a Delaware Corporation was acquired by Cambridge Technology Enterprises Limited as at May 01, 2006 with the object of inter-alia providing technology solutions for commercial customers throughout the United States of America.

2. Basis of Preparation of financial statements

As at May 01, 2006 Cambridge Technology Enterprises Limited acquired all the shares of Cell Exchange, Inc. These financial statements have been drawn up for the post acquisition period i.e. May 01, 2006 to March 31, 2007. The financial statements have been prepared and presented under historical convention, on the accrual basis of accounting, in compliance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of the Indian Companies Act, 1956. The accounting policies are applied by the Company as described under note 3.

3. Significant Accounting Policies**a) Use of Estimates**

The Preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements. The key estimates made by the Company in preparing these financial statements generally comprise provision for expenses, retirement benefits, provision for doubtful debts and income taxes. Actual results could differ from those estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

b) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises purchase price and any cost attributable to bringing the asset to its location and working condition for its intended use. Capital Work in Progress includes capital advances.

The cost of fixed assets also includes the exchange differences, favorable and unfavorable, arising in respect of liabilities incurred for the purpose of acquisition.

c) Depreciation

Fixed assets are depreciated based on estimated useful life of the assets under the Straight Line Method at rates of depreciation which are higher than the rates prescribed under the Schedule XIV of the Companies Act, 1956 of India,.

The estimated lives of such assets are as follows:

Asset	Estimated Useful life
Computers	3 years
Office Equipment	3 years

Depreciation is charged on a pro-rata basis for assets purchased/sold/ discarded during the year.

d) Revenue Recognition

Revenue from Information Technology services consist primarily of revenue earned from services performed on "time and material" basis. The related revenues are recognized as and when the services are rendered.

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 the 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.

e) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

f) Taxes on Income

Tax expense for the year comprises of current tax and deferred tax. Current taxes are measured at the amount expected to be paid using the applicable tax rates and tax laws. Deferred tax assets and liabilities are measured using tax rates and tax laws that have

Cambridge Technology Enterprises, Inc

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Profit and Loss Account in the year of change. Deferred tax assets and deferred tax liabilities are recognised for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases and operating loss carry forwards.

g) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

h) Provisions and Contingencies

Provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

4. Based on the meeting of the Council of the Institute of Chartered Accountants of India held in September 2003, all companies have been classified into 3 categories for the purpose of applicability of Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). Being a subsidiary of Cambridge Technology Enterprises Limited, which became a Level 1 entity for the first time with effect from year ended March 31, 2007, the Company gets categorized as a Level 1 entity and therefore all the accounting standards issued by ICAI are applicable to the Company for the period ended March 31, 2007.

5. Directors' Remuneration

(Amount in USD)

Reimbursement of expenses	1765
---------------------------	------

6. Related Party Disclosures

a) Related Parties where control exists

i. Holding Company	Cambridge Technology Enterprises Limited
ii. Company under common control	CellExchange Inc

b) Parties with whom transactions have taken place during the year

i. Holding Company	Cambridge Technology Enterprises Limited
ii. Company under common control	CellExchange Inc
iii. Key Management Personnel- (KMP)	Mr. Bhaskar Panigrahi - Director

c) Transactions with related parties

(Amount in USD)

Particulars	For the period ended March 31, 2007		
	Holding Company	Company under Common Control	KMP
Sale of services during the year	3,202,015	506,725	-
Expenses for services provided during the year	-	88,000	-
Loan given / (taken) (net)	663,526	1,744,643	-
During the year	(1,308,414)	(2,078,741)	-
Payables as at the year end	1,870,331	88,000	-
Loan outstanding as at the year end	933,600	334,098	-
Advances outstanding as at the year end	741,530	-	-
Reimbursement of expenses	-	-	1,765

Cambridge Technology Enterprises, Inc

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS**7. Balances with Non Scheduled banks***(Amount in USD)*

Name of the bank	Balances as at March 31, 2007	Maximum balances outstanding at any time during the period ended March 31, 2007
Silicon Valley Bank	537,468	537,468

8. Additional Information as required under Paragraphs 3, 4, 4A, 4B, 4C, 4D of the part II of Schedule VI to the Companies Act, 1956 to the extent applicable.

a) Value of Imports on CIF Basis

(Amount in USD)

Particulars	Period ended March 31, 2007
Capital Expenditure	27,085

b) Expenditure in foreign currency

(Amount in USD)

Particulars	Period ended March 31, 2007
Software development and cost of services	3,655,580
Employee cost	636,968
Traveling and Conveyance expenses	198,030
Office expenses	102,559
Professional Charges	52,136
Rates and Taxes	17,950
Communication expenses	18,267
Other matters	41,429

c) Earnings in foreign exchange

(Amount in USD)

Particulars	Period ended March 31, 2007
Income from services	4,679,180

9. As the Company's business activity falls within the single primary business segment i.e "Information Technology services" and is a single geographical segment, the disclosure requirements of Accounting standard 17 "Segment Reporting", issued by the Institute of Chartered Accountants of India is not applicable.

10. Since this is the first accounting period of the Company, the requirement of disclosing prior period figures is not applicable.

Cambridge Technology Enterprises, Inc

CASH FLOW STATEMENT

(Amount in USD)

	For the Period May 01, 2006 to March 31, 2007
A Cash flow from operating activities	
Net loss before tax	(46,880)
Adjustments for:	
Depreciation	3,141
Operating Profit before working capital changes	(43,739)
Adjustment for:	
Increase in Sundry Debtors	(591,043)
Increase in Loans and Advances	(589,212)
Increase in Other current assets	(749,443)
Increase in Current Liabilities	1,749,162
Cash used in operating activities	(224,275)
Income taxes paid	71,966
Net cash used in operating activities	(296,241)
B Cash flow from investment activities	
Purchase of Fixed Assets	(441,466)
Net cash used in investing activities	(441,466)
C Cash flow from financing activities	
Proceeds from borrowings	1,267,700
Net cash from financing activities	1,267,700
Net increase in cash and cash equivalents	
A+B+C	529,993
Cash and cash equivalents, beginning of the year	7,475
Cash and cash equivalents, end of the year	537,468

Note

The above Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard on Cash Flow Statements (AS-3) issued by the Institute of Chartered Accountants of India.

For Walker, Chandiok & Co.
Chartered Accountants

For and on behalf of Board of Directors

Khushroo B. Panthaky
Partner
Membership No. : F-42423

Bhaskar C Panigrahi
Director

Place: Hyderabad
Date : May 26, 2007

Geographical Presence of our Businesses



USA

Cambridge Technology
Enterprise Inc.,
101 Main Street, 16th Floor, Cambridge,
MA 02142

Kansas
120 SE, 6th Avenue,
Suite 100,
Topeka, KS 66603-3515
Phone: 785-231-6005
Fax: 785 -354-4377

Illinois (Chicago)
1189 Shawford Way
Elgin, IL 60120
Phone: 847-695-0599

Florida
4905 Belfort Road, Suite 110,
Jacksonville, FL 32256
Phone: 630-233-8381
Fax: 847-628-0765

Texas
5605, North MacArthur Blvd,
Suite 330,
Irving Texas 75038
Phone : 972 518 2323
Fax : 214 853 5447

India

Hyderabad
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Road No. 36, Jubilee Hills
Hyderabad – 500 033
Andhra Pradesh, India
Phone: +91-40-4023 4400
Fax: +91-40-4023 4600

Pune
27-28, E-wing,
Mantri-Kishor Complex,
Range Hills Rd, Shivaji Nagar,
Pune- 411 020
Maharashtra, India
Phone: +91-20-6400 5731/32

Bangalore
Development Centre1
#2, 2nd floor, 38th Main, 15th Cross,
J P Nagar 6th Phase, Industrial Area,
Bangalore – 560076
Phone : 91 80 2664 1666/67
Fax: 91 80 2664 1668

Development Centre 2
GR Plaza, J P Nagar 6th Phase,
Kanakpura Main Road
Bangalore – 560076
Phone: 91 80 4155 2311

Cambridge Technology Enterprise Limited spreads its footprints in India and US: Acquires ComCreation

