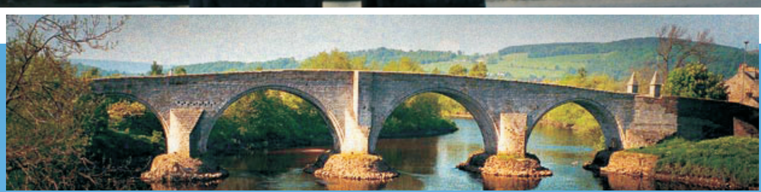


Make a strategic connection!

CAMBRIDGE
Strategic Global Outsourcing
ANNUAL REPORT 2008

CONTENTS

BOARD OF DIRECTORS

David Andrews	-	Executive Chairman & Chief Executive Officer
Richard Houghton	-	Executive Vice Chairman & Executive Director
Dilip Keshu	-	Whole Time Director
Praful Chandaria	-	Director
Samsher H M Kanji	-	Independent Director
Eugene P Beard	-	Independent Director
Kunal Kashyap	-	Independent Director

COMPANY SECRETARY

V. Viswanathan

STATUTORY AUDITORS

S.R Batliboi & Associates
UB City, Canberra Block, 12th & 13th Floor
No 24 Vittal Malya Road, Bangalore -560 001, Karnataka

Registered Office

SJR I-Park Plot 13, 14, 15
EPIP Industrial Area
Phase I, Whitefield
Bangalore 560 066
Karnataka
Phone +91 80 30540000
Fax +91 80 41157394
Email : compliance@cambridge-asia.com
Website : www.cambridgeworldwide.com

Registrar and Share Transfer Agent

Karvy Computershare Private Limited,
Plot No. 17-24, Vittal Rao Nagar
Madhapur
Hyderabad - 500 081

Phone +91 040-23420816
Fax +91 040-23420814
Email : ksreddy@karvy.com
Website : www.karvy.com

Dear Shareholders,

Your directors are pleased to present the Eighth Annual Report and the Audited Statement of Accounts of the Company for the Period (Nine Months) ended December 31, 2008.

Financial Results

As per Indian GAAP Standalone

Particulars	December 31, 2008 (Nine Months) (Rs. in Million)	March 31, 2008 (Twelve Months) (Rs. in Million)
Sales & Other Income	2,172.06	1,806.34
Total Expenditure	1,865.25	1,544.70
Profit before Interest Depreciation and Tax	306.81	261.63
Finance Costs	73.96	143.40
Depreciation & Amortisation	106.41	36.35
Profit before Tax	126.43	81.88
Income Tax (including deferred tax)	9.68	38.71
Profit after Tax	116.75	43.17
EPS (Rs)	1.05	0.40

As per Indian GAAP Consolidated

Particulars	December 31, 2008 (Nine Months) (Rs. in Million)	March 31, 2008 (Twelve Months) (Rs. in Million)
Sales & Other Income	8,798.86	12,675.51
Total Expenditure	9,442.26	11,731.32
Profit before Interest Depreciation and Tax	(643.40)	944.19
Finance Costs	270.03	406.23
Depreciation & Amortisation	470.15	376.66
Profit before Tax	(1,383.58)	161.30
Income Tax (including deferred tax)	136.90	249.24
Profit after Tax	(1,520.48)	(87.94)
EPS (Rs.)	(13.65)	(0.81)

Review of Operations

During the period (nine months) ended December 31,2008, the consolidated revenue of your Company was Rs.8,688.18/- million as against Rs. 12,363.09/- million during the previous period twelve months ended March 31, 2008. At a standalone level the total revenue of the Company amounted to Rs.2,135.56/- million compared to Rs. 1,782.35/- million in the previous period twelve months ended March 31, 2008. During the period, the Company earned profit before interest, depreciation and tax of Rs.306.81/- million compared to Rs. 261.63/- million in the previous period twelve months ended March 31, 2008. The Company earned a net profit of Rs. 116.75/- million compared to a net profit of Rs. 43.17/- million in the previous period twelve months ended March 31, 2008.

Dividend

Your Directors are recommending no Dividend on the Equity Shares.

Share Capital

Your Company has issued 24000 equity shares of Rs. 10/- each fully paid, under Cambridge Solutions Limited Employees Stock Option Plan 2006 (Program 1). The paid up capital has increased to Rs. 1,11,36,53,830/- comprising of 11,13,65,383 equity shares of Rs. 10/- each fully paid-up.

Acquisition by Xchanging

On October 3, 2008, Xchanging plc, a fast growing, pure play global business processor with blue chip customers, agreed to acquire 75% of the fully diluted share capital of Cambridge Solutions Limited by entering into agreements with three major shareholders of Cambridge Solutions Limited.

In compliance with Indian law and as a consequence of these agreements, Xchanging also made an Open Offer to acquire up to 20% of the fully diluted voting share capital of Cambridge Solutions Limited. David Andrews (CEO Xchanging) and Richard Houghton (CFO Xchanging) were appointed to the Board of Cambridge Solutions Limited on January 12, 2009.

The total proportion of shares acquired under the agreements and the Open Offer is 75% of the fully diluted share capital. The acquisition was completed on April 9, 2009.

Subsidiary Companies

Your Company has 15 subsidiary companies, viz. Scandent Group Inc., USA, Scandent Group GmbH, Germany, Cambridge Solutions Europe Limited, UK (Formerly Scandent Network Europe Ltd., UK), Cambridge Solutions PTE Ltd. Singapore (Formerly Scandent Group Pte Ltd, Singapore), Scandent Group Sdn, BHD, Malaysia, Indigo Markets Ltd, Bermuda, Indigo Markets (Singapore) Pte Ltd, Singapore, Cambridge SARL, France (Formerly BWH SARL, France), Cambridge Integrated Services Australia Pty Ltd., Australia, Cambridge Integrated Services Victoria Pty Ltd., Australia, Cambridge Galaher Settlements & Insurance Services, USA, Cambridge Integrated Services Group Inc., USA, ProcessMind Holdings Mauritius Limited, Mauritius, Nexplicit Infotech India Private Limited and Cambridge Solutions PTY Ltd, Australia.

As per Section 212 of the Companies Act 1956, your Company is required to attach Directors' Report, Balance Sheet and Profit & Loss Account of these subsidiaries. Your Company has received approval from the Government of India for an exemption from such attachment as it presents the audited consolidated financial statements of the Company and its subsidiaries in the annual report. The Directors believe that the consolidated accounts present a full and fair picture of the state of affairs and the financial condition of the consolidated companies in your Company. Accordingly, the Annual Report does not contain the financial statements of these subsidiaries, but contains the audited consolidated financial statements of the Company and its subsidiaries. The accounts of these subsidiary Companies along with related information, is available for inspection during business hours at your Company's Registered Office.

Employee Stock Option Plans

Your Company had announced following Employee Stock Option Plans (ESOPs) in due compliance with SEBI (ESOS & ESPS) Guidelines, 1999 and any amendment thereto, which were approved by the shareholders.

1. **Cambridge Solutions Corporation Limited Employee Stock Option Plan 2006.**
2. **Scandent Employee Stock Option Plan 2005.**
3. **Scandent Solutions Corporation Limited Employee Stock Option Plan 2004.**
4. **Scandent SSI IT Services Employee Stock Option Plan 2004.**

The details of options granted under the above schemes are given in Annexure 1.

Corporate Governance Report

Your company is committed to good Corporate Governance practices. Your Directors endeavour to adhere to the standards set out by the Securities and Exchange Board of India (SEBI) Corporate Governance practices and accordingly has implemented all the major stipulations prescribed. The importance of Corporate Governance Report has always been recognized by your Company and in order to enhance customer satisfaction and stakeholder value, the Company continues to benchmark its corporate governance practices with the best in the industry.

Your Company followed the Corporate Governance optimum combination of Executive and Non-Executive Directors and Independent Directors throughout the period and your Company is ensuring compliance with regard to constitution of Committees such as the Audit Committee and Investor Grievance Committee.

A detailed Corporate Governance Report in line with the requirements of Clause 49 of the listing agreement regarding the Corporate Governance practices followed by the Company and the Practicing Company Secretary's Certificate indicating compliance of mandatory requirements along with Management Discussion and Analysis Report are given as part of the Annual Report.

Directors

Mr. Kunal Kashyap retires by rotation and being eligible offer himself for re-appointment.

Personnel

Particulars of employees as required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended forms part of this report. However, in pursuance of Section 219(1)(b)(iv) of the Companies Act, 1956, this report is being sent to all the members of the Company excluding the aforesaid information and the said particulars are made available at the Registered Office of the Company.

Directors' Responsibility Statement

As stipulated in Section 217(2AA) of the Companies Act, 1956 (the Act), your Directors, based on the representations received from the Operating Management, hereby confirm that:

1. In the preparation of the annual accounts for the period (nine months) ended December 31, 2008, the applicable accounting standards have been followed and there were no material departures.
2. The Directors 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 and of the profit or loss of the Company for the period.
3. The Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts on a going concern basis.

Auditors

M/s. S. R. Batliboi & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and in view of their inability for re-appointment, your Directors propose to appoint M/s. Price Waterhouse & Co, as Statutory Auditors of the Company, who being eligible, offer themselves for appointment.

Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in Report of the Board of Directors) Rules, 1988, is given in the Annexure 2 included in this report.

Fixed Deposits

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

Acknowledgements

Your Directors thank the Company's clients, vendors, investors and bankers for their support during the year. Your Directors place on record their appreciation of the contribution made by employees at all levels.

Your Directors thank the Government of India particularly the Ministry of Communication and Information Technology, the Customs and Excise Departments, the Software Technology Parks – Bangalore and Chennai, the Reserve Bank of India, the State Governments, and other Government Agencies for their support, and look forward to their continued support in the future.

For and on behalf of the Board of Directors,

Chairman

Place : London, UK
Date : April 27, 2009

Annexure 1

		Cambridge 2006 1	Scandent 2005 2	Scandent 2004 3	Scandent SSI 2004 4
A	Total No. of options granted	-	-	477,268	70,892
	Program I	60,000	185,000	NA	NA
	Program II	3,927,946	452,473	NA	NA
B	Options granted during the year	-	-	NIL	NIL
	Program I	NIL	NIL	NA	NA
	Program II	NIL	NIL	NA	NA
C	Exercise Price	NIL	NIL	NIL	NIL
	Program I	NIL	NIL	NA	NA
	Program II	NIL	NIL	NA	NA
D	Total Options Vested (Net of Forfeited options)	-	-	453,313	1,200
	Program I	NIL	185,000	NA	NA
	Program II	495,297	98,500	NA	NA
E	Options Exercised during the year	-	-	NIL	NIL
	Program I	24,000	NIL	NA	NA
	Program II	NIL	NIL	NA	NA
F	Total shares arise as a result of exercise of options during the year	-	-	NIL	NIL
	Program I	24,000	NIL	NA	NA
	Program II	NIL	NIL	NA	NA
G	Options lapsed during the year	-	-	NIL	2,700
	Program I	12,000	NIL	NA	NA
	Program II	1,199,000	NIL	NA	NA
H	Variation of terms of options	NIL	NIL	NIL	NIL
I	Money realized by exercise of options during the year	-	-	NIL	NIL
	Program I	240,000	NIL	NA	NA
	Program II	NIL	NIL	NA	NA
J	Total Number of options in force	-	-	45	1,200
	Program I	NIL	5,000	NA	NA
	Program II	1,481,946	98,500	NA	NA
K	Employee-wise details of options granted during the year to	-	-		
	i) Senior Managerial Personnel	NIL	NIL	NIL	NIL
	ii) any other employees who receives a grant in any one year of option amounting to 5% or more of option granted during that year	NIL	NIL	NIL	NIL
	iii) 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 your company at the time of grant.	NIL	NIL	NIL	NIL
L	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option	1.05	1.05	1.05	1.05

			Cambridge 2006 1	Scandent 2005 2	Scandent 2004 3	Scandent SSI 2004 4
M	Impact of employee compensation cost calculated as difference between Intrinsic Value and Fair Market Value in accordance with SEBI Guidelines on ESOP, on Net Profit and EPS		Refer Table 1	Refer Table 1	Refer Table 1	Refer Table 1
N	Weighted average exercise price and		-	-	No Grants	No Grants
		Program 1	No Grants	No Grants	NA	NA
		Program 2	No Grants	No Grants	NA	NA
		Weighted Average fair value of options	-	-	No Grants	No Grants
		Program 1	No Grants	No Grants	NA	NA
		Program 2	No Grants	No Grants	NA	NA
O		Description of the method and significant assumptions used during the year	NA	NA	NA	NA

Table 1

Impact of employee compensation cost calculated as difference between Intrinsic Value and Fair Market Value in accordance with SEBI Guidelines on ESOP, on Net Profit and EPS

	(Rs. in Million) **Period ended December 31, 2008**	(Rs. in Million) **Year ended March 31, 2008**
Net Income as reported	116.75	43.17
Net Income available for equity shareholders	116.75	43.17
Add: Stock based employee compensation expenses Included in reported income	(0.74)	3.71
Less : Stock based employee compensation expenses determined under Fair Value based method net of tax effects	30.61	38.43
Proforma Net Income	8.54	8.45
Reported Earnings per Share (including share capital pending allotment) (Rs.)		
Basic	1.05	0.40
Diluted	1.05	0.40
Proforma Earnings per share (Rs.)		
Basic	0.77	0.08
Diluted	0.77	0.08

For and on behalf of the Board of Directors,

Chairman

Place : London, UK
Date : April 27, 2009

Annexure 2

1. Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy

The operations of your Company are not energy intensive. However, adequate measures have been taken to reduce energy consumption by using energy efficient computer terminals.

B. Technology Absorption

As your Company progresses, necessary R & D activities will be initiated to meet the technology requirements for the future.

C. Foreign Exchange Earnings and Outgo

Total Foreign Exchange Earnings and Outgo

Rs. in Million

		December 31, 2008 (9 Months)	March 31, 2008 (12 Months)
(i)	Total Foreign Exchange earned	2,124.77	1,725.66
(ii)	Total Foreign Exchange used	631.52	769.60

For and on behalf of the Board of Directors,

Chairman

Place : London, UK
Date : April 27, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Industry and its outlook

Year 2008 (nine month period) was a challenging year for the IT and ITeS sector, as it began to re-engineer itself to face the challenges presented by a macro-economic environment which witnessed substantial volatility in commodity prices, inflation, and decline in GDP rates, cross-currency movement, finally culminating in the economic downturn. Some sectors in the US economy have suffered severely, especially in mortgage related banking activities.

According to the Worldwide Services Spending Forecast, a report published by International Data Corporation (IDC), in February 2009, worldwide spending on software and IT services are each expected to grow 3.4% in 2009. If recent exchange rate trends continue, this shall translate into a significant decline in revenues for U.S. region centric IT suppliers. Worldwide IT spending in 2009 is expected to be $1.44 trillion. In the United States, year-over-year growth of, software and IT services spending is expected to grow by 4% and 3% respectively. U.S. IT spending shall total nearly $491 billion in 2009.

According to NASSCOM Strategic Review Report 2009 the Indian IT-BPO industry is estimated to achieve revenues of USD 71.7 billion in FY2009, with the IT software and services industry accounting for USD 60 billion of revenues. During this period, direct employment is expected to reach nearly 2.23 million, an addition of 226,000 employees, while indirect job creation is estimated to touch 8 million. As a proportion of national GDP, the sector revenues have grown from 1.2 per cent in FY1998 to an estimated 5.8 per cent in FY2009.

India is a leading destination for BPO services. The proven track record and client relationships of established Indian IT services companies, favorable wage differentials, availability of a large, high quality, English speaking talent pool and a regulatory environment more friendly to investment are facilitating India's emergence as a global outsourcing hub. Furthermore, the economic downturn is likely to accelerate the demand for better, cheaper business processing. At the same time, with increased regulatory requirements, pressure to be in compliance will result in investment and running cost increases for businesses. We are confident that these underlying drivers will result in exciting opportunities for business processing services.

According to NASSCOM strategic review 2009, the Export revenues are estimated to gross USD 47.3 billion in FY2009, accounting for 66 per cent of the total IT-BPO industry revenues. Cross currency movement during the year, led by the strengthening of the US dollar versus some of the major invoicing currencies (Euro, Pound), suppressed volume growth in the European market by about 2.2 per cent at an industry level. Software and services exports (including BPO) are expected to account for over 99 per cent of total exports, employing over 1.76 million employees. The market for IT services and products in India is estimated to grow by 43% in USD terms in 2008.

The workers' Compensation claims industry in US has a very mixed outlook amidst rising medical costs, declining premiums, increasing run off losses and of all the entire US economy descending into the worst recession since world war II. One positive market development that NCCI (National Council on Compensation Insurance, USA) did witness was a continued decline in the residual market and stable operating results. In addition a changed political landscape, is what every one is hoping for to Make the Change.

With this backdrop of industry growth, your Company, Cambridge Solutions, has laid down a sound, practical strategic business platform to enhance its stakeholders' value in a sustainable and predictable manner.

Your Company has grown from a modest Rs 605 million in revenues in FY2003 to Rs 12,363 million in for the year ended March 31, 2008 and Rs 8,688 million for the nine months ended December 31, 2008. During the nine months period ended December 31, 2008, Revenue has declined primarily due to the economic climate in the US, which had an adverse impact on the ITO and US BPO business. In terms of geographic split, the Americas contributed over 67% of the revenue contribution at Rs 5,911 million and Australia contributed 15% revenue of Rs 1310. The rest of the world, comprising of Europe and Asia together accounted for the balance Rs 1,480 million.

On a line of business basis, the BPO segment contributed 72% to consolidated revenues. IT Services contributed 28% of the consolidated revenues.

BPO was focused on three core competencies -Banking, Insurance, and Finance and Accounting, all non-voice processing activities, delivered through an integrated global delivery model.

Banking Whole sale	Banking Retail	Finance & Accounting	Insurance
Anti Money Laundering	Debit & Credit cards	Accounts payable	Auto liability
Credit Operations	Mortgage & Auto loans	Accounts receivable	General liability
Payments	Personal loans	Financial accounting	Health
Security Services	Portfolio Management	Financial reporting	Life & Annuity
Trade Services	Savings/checking	Taxation	Product liability
Treasury Operations			Professional liability
			Property
			Re- Insurance
			Workers compensation

Cambridge Acquisition

During the period, the principal shareholders [Scandent Holding Mauritius Limited ('SHML'), AON Minet Pension Scheme ('AON') and Katra Finance Limited ('Katra')] of the Company entered into share purchase agreements (the "SPAs") to sell up to 75% of the fully diluted share capital of the Company to Xchanging (Mauritius) Limited ("XML"), a wholly-owned subsidiary of Xchanging plc ("Xplc"), a listed company incorporated under the laws of England and Wales. The consideration payable to the sellers under the SPAs shall be satisfied partly by the payment of cash and partly by the issue of shares in Xplc. In compliance with Indian law and as a consequence of entering into the SPAs, XML was required to make an open offer to acquire up to 20% of the fully diluted share capital of the Company (the "Open Offer"). The total proportion of the shares in the Company to be acquired by XML under the SPAs and the Open Offer is 75% of the fully diluted share capital, with the proportion of the shares to be acquired under the SPAs being scaled back to reflect the number of shares actually acquired by XML under the Open Offer. The acquisition of shares under the SPAs is expected to complete on April 2, 2009. However, pursuant to the terms of the SPAs, XML assumed certain rights in relation to the Company in advance of the acquisition completion date. A number of these rights were assumed from January 1, 2009 and therefore it is from this date that the power of operational control is considered to have passed to XML.

This acquisition will extend Xchanging's footprint to Australia and the USA, and greatly strengthen their presence in India. For Cambridge, this shall bring in new synergies and take it forward towards combined vision of Xchanging.

Management Analysis

For management review purposes, the Company is structured into ITO and BPO divisions, with BPO further broken down into US, India and Australia region.

BPO USA operations, by far the largest segment (49% of the consolidated revenues) posted revenues of Rs 4,292 million for the nine month period ended December 31, 2008.

The nine month period witnessed major ramp down in revenues owing to few major contract losses, which were, however, compensated with good volume wins. The new wins started their earnings at fag end of the year, and will be delivering the earnings for the full year in 2009. The focus was primarily on cost optimization and getting the right mix for the future growth of business.

The labor costs in BPO US has been brought down to sync with the business requirements and optimization resulting in reduction of the headcount by approx. 230 numbers with one time severance cost impact. As a part of re-assessment, the onerous contracts have been evaluated and related provisions have been made. Initiatives are ongoing in this segment to develop more efficient operating models with a view to enhance market positioning. Significant progress has also been made in tackling the industry-wide problem of rapid turnover.

BPO Australia operations are also focused on the claims processing market, through the State government insurance programs, as Scheme Agents. The revenue for the nine months period ended December 31, 2008 was Rs 1,310 million. This decline in revenue is a result of variation in performance and incentive bonuses. Record bonuses were received during 2006 and 2007, which have not been sustained. Currently the Company has only two major clients in Australia and is expected to expand its business further in self insurance and ComCare markets in 2009.

The Australian BPO is being supported by the US BPO arm of the group in terms of stabilizing its operations and building up a self reliant platform to tap the self insurance and ComCare markets. The US version of Ovation has been adapted for the Australia market to support the worker compensation contract. During the year Australia Ovation has successfully implemented.

BPO India operations have scaled to Rs 679 million for the nine months period ended December 31, 2008, depicting a major growth trend. Revenue growth has been generated from the full year effect of new contracts wins during 2007 and further growth achieved from existing clients. In BPO India most of the work done is in the Insurance space, Banking & Finance and Accounting verticals. The India BPO team has been involved in numerous cross selling deals between ITO and BPO, indicating the picture of a truly integrated offering. Arbitrage has also contributed to the improvement in profit with some operations being transitioned to the low cost Shimoga-Karnataka. The company is currently evaluating the scope of SEZ at Shimoga.

The ITO business, which operates in all of the Company's BPO geographies and into several other countries, constitutes about 28%. Revenue for the nine months ended December 31, 2008 was Rs 2,408 million. There is some decline in revenue is due to deteriorating economic climate in the US, creating a difficult trading environment for the ITO division with budgetary pressures within the customer base reducing discretionary IT spends.

The ITO division verticals are:

- Manufacturing & Logistics
- Banking & Financial Services
- Insurance

The Manufacturing and Logistics vertical was the biggest contributor at 79%, Banking and Financial Services at 7% and Insurance at 14%.

Consolidated Financials

(Rs Million)	April 1, 2008 to December 31, 2008	April 1, 2007 to March 31, 2008
Revenues	8,688.2	12,363.1
Other Income	110.7	312.4
Operating expenses	9442.3	11,731.3
EBITDA	(643.4)	944.2
EBITDA margins	-7.4%	7.6%
PBT	(1,383.6)	161.3
PAT	(1,520.5)	(87.9)
Net Margins	-17.5%	-0.71%

Standalone Financials

(Rs Million)	April 1, 2008 to December 31, 2008	April 1, 2007 to March 31, 2008
Revenues	2,135.6	1,782.3
Other Income	36.5	24.0
Operating expenses	1,865.3	1,544.7
EBITDA	306.8	261.6
EBITDA margins	14.4%	14.7%
Finance Costs	74.0	143.4
Depreciation & Amortization	106.4	36.4
PBT	126.4	81.9
PAT	116.7	43.2
Net Margins	5.5%	2.4%

The detailed of stand alone Expenses analysis is as in the table given below:-

Operating expenses	April 1, 2008 to December 31, 2008	% of Revenue	April 1, 2007 to March 31, 2008	% of Revenue
Employee Costs				
Salaries, Allowances, Bonus	669.7	31.4%	500.0	28.1%
Contribution to PF	28.0	1.3%	23.3	1.3%
Gratuity & Leave Encashment	16.7	0.8%	9.5	0.5%
ESOP Charge	(0.7)	0.0%	21.1	1.2%
Staff Welfare	36.9	1.7%	26.1	1.5%
Recruitment	13.2	0.6%	19.6	1.1%
	763.7	35.8%	599.6	33.6%
Less: Adjustments pursuant to Cambridge-India Merger Scheme	-	0.0%	-17.4	-1.0%
Total Employee Cost	763.7	35.8%	582.2	32.7%
Project Work Expenses	588.2	27.5%	772.0	43.3%
Provision for Onerous Contract	70.1	3.3%	-	-
Other Expenses				
Travel	107.7	5.0%	90.9	5.1%
Rent	98.8	4.6%	59.3	3.3%
Communication	50.0	2.3%	28.4	1.6%
Power & Fuel	45.1	2.1%	21.2	1.2%
Insurance	4.3	0.2%	2.6	0.1%
Rates & Taxes	2.8	0.1%	0.7	0.0%
Rapairs & Maintainence				

Operating expenses	April 1, 2008 to December 31, 2008	% of Revenue	April 1, 2007 to March 31, 2008	% of Revenue
--Computer equipment	9.5	0.4%	7.1	0.4%
--Others	30.1	1.4%	9.8	0.5%
Legal & professional	65.7	3.1%	21.9	1.2%
Printing & Stationary	5.0	0.2%	3.1	0.2%
Business Promotion	22.1	1.0%	2.4	0.1%
Exchange loss / (gain)	(64.3)	-3.0%	116.6	6.5%
Director's sitting fees	0.3	0.0%	0.3	0.0%
(Profit) / loss on sale of fixed assets	0.0	0.0%	-1.2	-0.1%
Provision for bad & doubtful debts / advance	55.6	2.6%	-181.1	-10.2%
Miscellaneous	10.7	0.5%	8.5	0.5%
Total other expenses	513.4	24.0%	190.5	10.7%
Total	**1,865.3**	**87.3%**	**1544.7**	**87.6%**

Loans - The Company raised Rs 570 million worth of new loans during the year. It repaid part of the loans amounting to Rs 769 million. As of year end, the Company has Rs 2,834 million of loans outstanding of which 34% are to be paid by December 31, 2009.

Deferred tax liability – Deferred tax liability of BPO Australia has come down from Rs 77 million to Rs 8 million on account of unwinding / cash realization of accrued income during the nine month period ending December 31, 2008.

Fixed assets - The company has added tangible fixed assets of Rs 357 million. The addition includes Rs 206 million on account of change in classification of certain operating lease to finance lease in BPO US. During the year, a number of assets were impaired as they become redundant in BPO US.

The company has also added intangible assets for Rs 264 million, which included Australia Ovation to support the Work Cover Contract with the NSW government in Australia and US Ovation to support in BPO US operations.

Deferred Tax Assets - Deferred tax assets has reduced to NIL from Rs 67 million from March 31, 2008. This reduction is primarily due to write off of deferred tax assets, which was recognized earlier for future utilization. In December 2008 deferred tax assets could not pass through "virtual certainty" test.

Investments - The Investment relates to US $ 2.25 million investment in class A common stock of BigE Real Estate, Inc. which represents a 15.8% shareholding. Under the terms of share purchase agreement, the group is entitled to exercise 10.67 million warrants at an exercise price of US $1. There has been no movement in the investment during the period however the company has invested further US $ 0.75 million in January 2009.

Debtors – Debtors has reduced to Rs 1061 million in December 31, 2008 from Rs 1,477 million in March 2008. This reduction is primarily due to review of doubtful debts at the end of reporting period. During the period company has made provision for doubtful debts for Rs 263 million.

Cash & bank balance - Cash and bank balances at the year end is Rs 311 million as at December 31, 2008.

Other Current Assets - Other Current Assets has come down to Rs 738 million from Rs 1,024 million in March 2008. Other current assets primarily represent unbilled revenue. The reduction is result of the decline in revenue in the BPO US and the cash realization of the bonuses due against Australia work cover contract.

Current Liabilities - Current liabilities has increased to Rs 3,002 million in December 31, 2008 from Rs 2,444 in March 31, 2008. This increase is primarily due to accumulation of payable in BPO US and an increase in prepayments in BPO Australia on December 31, 2008.

Provisions - Provision has increased to Rs 1,291 million in December 31, 2008 from Rs 554 in March 31, 2008. This increase is due to additional provision of vacant space / onerous contracts in BPO-US & IT division.

Future Opportunities

Cambridge continues to see good business growth in IT outsourcing and BPO operations; and of particular importance is the willingness of clients to move work offshore. Being a service provider which comprehensively covers customer needs with a value proposition aimed at the CXOs, increasingly, Cambridge has been witnessing the growing trend of integrating both BPO and ITO for its customers. This has provided the much needed single window services to clients which deepen the existing relationships, thus transforming Cambridge's position into that of a strategic partner with customers versus a vendor.

Manufacturing and Logistics continue to drive Cambridge's portfolio. The Company has demonstrated expertise in next generation service offerings in this space. The PLM Services is slated for a high growth trajectory and your Company's established leadership in this line of business will help grow it to the next level in coming years. The suite of offerings that combines with PLM, Engineering Services and ERP has been complementary and has been identified as a key area of growth. It is therefore well positioned to exploit the trend in this segment. This, combined with the traditional service offerings should provide a platform for increased customer acquisitions.

Cambridge operates in certain niche spaces in BFSI like Forex management, securities and commodities exchanging including trading, order routing and management. Increased demand for customization, support as well as new development has been driving growth and is expected to continue.

Cambridge's portfolio of key accounts has continued to grow, thus providing an opportunity for a variety of services to provide to each new customer. The strategy of aligning with customers to build lasting relationships has helped the Company to increase wallet-share by cross selling and up selling service offerings.

In continuing its search for attractive business growth, the Company has identified emerging business areas which could potentially provide competitive advantage through early entry. One such sector is real estate and could potentially transform into a vertical given the appetite for selling comprehensive offerings.

In addition to the application development space, application integration work continues to grow. The Company realizes it has significant advantages in this space and expects to continue to pursue aggressive growth in it.

Cambridge will continue to invest and expand its presence in India and continue to integrate the global delivery model which add immense value to the customers.

The enduring relationships that have been built over the years have been good growth contributors. This is expected to continue as a growth strategy and the Company will focus on building more such relationships.

It shall continue to leverage expertise through an integrated business model that has a business domain and architecture skills.

The Company shall provide comprehensive training program which strengthens the behavioral and technical training to continue to build the organization.

Threats and Risks Management

In the BPO Insurance arena, with the soft insurance market taking hold in the USA, some companies are considering or have decided to become fully insured, look for alternative market options, or have gone in-house with their P&C claims management programs. However, companies choosing this road run the risk of losing control over their program costs and results. What may seem like a cost effective measure may actually have long term effects on a Company's bottom line. In order to gain ground in this highly competitive world market, it is important for CFOs and risk managers to recognize the need for balance between procedural claims administration and outcomes-driven claims management services.

Cambridge has found the ultimate balance, not only by providing superior processes for managing claims that are documented, measured and audited, but also by bringing outcomes-driven best practices to each and every claim.

Even as the market cycle has made outsourced claims processing a less favorable option in recent years, companies that are truly committed to long-term expense control and growth strategies have stayed the course. Many CFOs and risk managers who understand the benefits of the outsourced / self-insured market have turned to Cambridge to have an added advantage over their competitors. This advantage equates to sustained results in their claims program - including improved employee return to work initiatives and lower overall loss costs.

Many insurance companies and other alternative risk transfer companies have also turned to Cambridge to support their back office claims operations - further evidencing the continuing need for outsourced claims management services.

Other than the possibility of slow down in the insurance market, the Company also faces several business risks besides political, economy, industry and currency related risks, as applicable to all corporate operating in the sector.

Geographic Risk

In terms of geographic risk, the Company derives almost 67% of its revenues from the Americas and hence any further downturn in that geography could impact the Company's operations. The International operations of the Company, which cover almost 9 countries, are subject to compliance of local laws and complications in staffing, managing and protection of intellectual property rights.

Talent Risk

Being a people asset firm, the performance of the Company depends on its ability to acquire, manage, motivate and retain the best people resources. Deviation in any of the variables can impact the intellectual pool of the Company and could lead to disruption of services and business delays.

Client Concentration Risk

The Company has taken suitable measures to ensure that no particular client contributes over 10% to its overall consolidated revenues so as to avoid the risks of client concentration. Overall, the top five clients contribute 36% to the consolidated revenues and may not impact the business in case any one of them witnesses a slow down on their ITO and BPO spend.

Internal Control Systems and their adequacy

As part of Internal Controls and Risk Management, the Company has taken the following measures

- Identification of various risks - business, operational, financial and compliance- facing the Company
- Identify root causes for these risks
- Evaluate the controls existing to mitigate these risks

- Assess the effectiveness of these controls
- Ascertain the desired level of controls required to manage and control these risk
- Workshop conducted by external consultants to brief the Company personnel about these risks and percolated down to the next levels

Human Resources Report

As a knowledge-based ITO and BPO service organisation, the second cornerstone, Quality, is paramount. The awards and accolades that the Company has received in servicing its customers, represent independent external endorsements illustrating Cambridge's commitment to providing the highest quality services, solutions, and products to its many satisfied customers.

The third distinguishing cornerstone, Frontline Focused, is based on Cambridge's belief that frontline employees are the key to achieving ongoing quality standards and long-term customer satisfaction. While many companies only focus their Human Resource initiatives around the top 10% of employees or those in leadership positions, Cambridge puts the majority of its developmental investment into building its frontline capabilities; knowing that these employees have a real and immediate impact on programme success. With a consistent Frontline Focus, Cambridge gives its customers the assurance of delivering on our service promises and making the "Cambridge Way" of doing business a reality. Of equal importance to sustaining existing business, Cambridge frontline employees also play a critical role in identifying new growth opportunities with existing customers and market contacts.

The last cornerstone, Integrity, is the over-arching value that binds the Company together in a global workplace. At Cambridge, Integrity means "doing what we said we would do, when, and how we promised to do it."

Using the four cornerstone strategy, Cambridge's Human Resource goals are to continue to focus on recruiting and staffing with only the best candidates in the market, to further develop its employees' skills and competencies, to create greater opportunities for personal growth and career development, to reward and recognize, and to provide a great work environment.

A Business Case Study: Driving Quality by developing skills and competencies (Claims Sector; USA)

Cambridge has achieved significant success in the USA claims sector through a strategic investment in its people. In the highly competitive claims business, the Company has succeeded in keeping employee attrition levels well below the industry average. Employee recognition and extensive training for job enrichment have worked to provide exciting career opportunities for employees. In turn, low attrition has improved the customers' experience through the consistent and predictable delivery of service quality.

In the claims business, service quality ultimately comes down to the capabilities and commitment of the claims professional. The Company places extraordinary emphasis on building and retaining what it feels is the most qualified and experienced team, with an average tenure of 15 years, one of the industry's highest.

In anticipation of continued growth and to ensure that the professional staff can continue to provide high quality service levels, the Company has focused its efforts on training and developing its frontline claims professionals. As a result of its rigorous training programs, all professionals are firmly grounded in the Company's proven best practices, focused on optimal outcomes and claims cost savings, and dedicated to delivering exemplary client service for years to come.

CORPORATE GOVERNANCE REPORT FOR THE PERIOD (NINE MONTHS) ENDED DECEMBER 31, 2008

(as required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company is committed to the highest standards of corporate governance in all its activities and its processes. The Company believes that good corporate governance practices enable the management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for its shareholders. The Company believes that good corporate governance lies not merely in drafting a code of corporate governance but in practicing it.

The Company has put in place good corporate governance and confirms its compliance as contained in Clause 49 of the Listing Agreement.

2. BOARD OF DIRECTORS:

a. Composition of Board of Directors:

The Board of Directors as on December 31, 2008 comprises of 9 Directors of which 6 are Non-Executive. The Chairman is Executive and Board comprised of 50% Independent Directors. The number of Independent Directors i.e. those who do not have any material pecuniary relationship with the Company is 5 and the number of Non - Executive Directors is 6, which is more then 50% of total number of Directors. The composition of Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

*Membership in Board and Board Committees of the Directors of the Company as on December 31, 2008 – **other than Cambridge Solutions Limited***

Name of the Director	Promoter / Executive / Non Executive / Independent	No. of outside Directorships of public companies@	No. of outside Board level committees where chairperson or member #	
			Member	Chairman
Christopher A Sinclair*	Promoter-Executive Chairman	-	-	-
Satyen Patel*	Promoter- Executive Vice Chairman	-	-	-
Shobhan Thakore*	Independent Director			
Dilip Keshu	Executive Director	-	-	-
Praful Chandaria**	Non executive Director	-	-	-
Kunal Kashyap	Independent Director	2	1	1
Eugene Beard	Independent Director	-	-	-
Jan Verplancke***	Independent Director	-	-	-
Shamsher Kanji**	Independent Director	-	-	-

* Mr. Christopher A Sinclair and Mr. Satyen Patel resigned as Executive Chairman and Executive Vice Chairman respectively with effect from January 12, 2009 and Mr. David Andrews is appointed as Executive Chairman & Chief Executive Officer and Mr. Richard Houghton is appointed as Executive Vice Chairman & Executive Director, with effect from January 12, 2009. Mr. Shobhan Thakore resigned as Director with effect from January 12, 2009.

** Mr. David Greenberg resigned as Director with effect from December 15, 2008 and Mr. Praful Chandaria and Mr. Shamsher Kanji were appointed as Directors with effect from December 15, 2008.

*** Mr. Jan Verplancke resigned as Director with effect from April 9, 2009

@ Excludes Directorships held in private limited companies, foreign companies, membership of management committees of various chambers/bodies/ Section 25 Companies.

\# Includes only Audit Committee and Investors' Grievances Committees.

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director.

b) **Meeting and Attendance of each Director:**

During the period (nine months) ended 31.12.2008, 7 Board Meetings were held on 29.04.2008, 17.06.2008, 31.07.2008, 08.10.2008, 31.10.2008, 18.11.2008 and 15.12.2008 and the attendance of the Directors' is as follows :

Name of the Director	Category	Number of Board Meetings attended	Attendance at the last AGM held on September 29, 2008
Christopher A. Sinclair*	Promoter-Executive Chairman	7	NO
Satyen Patel*	Promoter-Executive Vice Chairman	6	YES
Dilip Keshu	Executive Director	6	NO
Praful Chandaria**	Non executive Director	NIL	NA
Kunal Kashyap	Independent Director	3	YES
Eugene Beard	Independent Director	5	NO
Jan Verplancke***	Independent Director	1	NO
Shamsher Kanji**	Independent Director	NIL	NA
Shobhan Thakore*	Independent Director	3	NO
David Greenberg**	Non Executive Director	4	NO

* Mr. Christopher A Sinclair and Mr. Satyen Patel resigned as Executive Chairman and Executive Vice Chairman respectively with effect from January 12, 2009 and Mr. David Andrews is appointed as Executive Chairman & Chief Executive Officer and Mr. Richard Houghton is appointed as Executive Vice Chairman & Executive Director, with effect from January 12, 2009. Mr. Shobhan Thakore resigned as Director with effect from January 12, 2009.

** Mr. David Greenberg resigned as Director with effect from December 15, 2008 and Mr. Praful Chandaria and Mr. Shamsher Kanji were appointed as Directors with effect from December 15, 2008.

*** Mr. Jan Verplancke resigned as Director with effect from April 9, 2009

c) **Remuneration of Directors:**

None of the Directors is in receipt of any remuneration for the period (Nine Months) ended December 31, 2008, other than sitting fees.

Following Options were issued to the Directors during the period (Nine Months) ended December 31, 2008

Sl. No.	Name of the Director	No. of Options granted
1.	Eugene Beard	12,000
2.	David Greenberg*	12,000

Shareholding of the Non-Executive Directors in the Company as on December 31, 2008

Sl. No.	Name of the Director	No. of Equity Shares of Rs. 10/- each held
1.	Kunal Kashyap	12,000
2.	David Greenberg*	12,000

* Mr. David Greenberg resigned as Director with effect from December 15, 2008.

3. AUDIT COMMITTEE:

1. The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956

2. The broad terms and references of Audit Committee are as follows:

The powers and role of the Audit Committee are as laid down under Clause 49 (II) (C) & (D) of the Listing Agreement and Section 292A of the Companies Act, 1956 and as described under Audit Committee Charter are as follows:

- Overview of the Company's financial reporting process and the disclosure of its appointment and removal of Statutory Auditors and fixation of their Audit fees and fees for other services rendered.
- Review of Statutory Audit Firm and discussion with Statutory Auditors before the audit commences, the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Review of performance of Statutory Auditors.
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - o Any change in accounting policies and practices
  - o Disclosure of related party transactions
  - o Matters to be included in the Directors Responsibility Statement to be included in the Directors' Report
  - o Qualifications in the draft audit report, if any
  - o Compliance with listing and other legal requirements relating to financial statements.
  - o Going concern assumption
  - o Compliance with accounting standards
  - o Significant adjustments to financial statements arising out of audit findings
  - o Major accounting entries involving estimates based on the exercise of judgment by the management
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing the adequacy of internal audit function and discussion with regard to any significant audit findings and follow-ups thereon.
- Review of the findings of any internal investigations by the internal auditors into matters, where there is a fraud or irregularity.
- Review of performance of Internal Auditors.
- Looking into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (incase of non-payment of declared dividends) and creditors.

Composition of the Audit Committee

The composition of the Audit Committee was as follows :

1.	Mr. Kunal Kashyap	-	Chairman
2.	Mr. Shobhan Thakore*	-	Member
3.	Mr. Christopher A. Sinclair*	-	Member

* Mr. Christopher A Sinclair and Mr. Shobhan Thakore resigned from the Board of Directors of the Company with effect from January 12, 2009 and thus ceased to be members of the Committee.

The Board reconstituted the Audit Committee as follows :

1.	Mr. Kunal Kashyap	-	Chairman
2.	Mr. Eugene Beard	-	Member
3.	Mr. Richard Houghton	-	Member

During the period (nine months) under review, Four meetings of the Audit Committee were held, the dates being 17.06.2008, 31.07.2008, 29.10.2008 and 23.12.2008.

The attendance for the Audit Committee meetings is as follows :

Name	No. of Meetings Attended
Mr. Kunal Kashyap	4
Mr. Shobhan Thakore	4
Mr. Christopher A. Sinclair	2

Mr. V. Viswanathan, Company Secretary acts as Secretary of the Committee.

The previous Annual General Meeting of the Company was held on September 29, 2008 and the Chairman of the Audit Committee was present at the Annual General Meeting of the Company.

4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

i. The composition of the Investors Grievance Committee and details of meeting attended by the Directors are as follows:

Sl. No.	Name of the Director	Category	No. of Meetings during the Period	
			Held	Attended
1.	Dilip Keshu	Executive Director	3	2
2.	Kunal Kashyap	Independent Director	3	2
3.	Shobhan Thakore*	Independent Director	3	3

* Mr. Shobhan Thakore resigned from the Board of Directors of the Company with effect from January 12, 2009 and thus ceased to be member of the Committee.

ii. The Committee has been constituted towards the following:

a. Review the reports submitted by RTA.

b. To redress the shareholders' complaints.

c. Quarterly status of shareholders' complaints and the status of their disposal.

iii. Mr. V. Viswanathan, the Company Secretary is the Compliance Officer.

The Committee has not received any complaints during the period (nine months) under review.

CEO / CFO CERTIFICATION

The Board of Directors has received a certificate from Mr. David Andrews, Executive Chairman and CEO and Mr. Nipun Bhatia, Chief Financial Officer as per the requirements of Para V of Clause 49 of the Listing Agreement is annexed to this Report in Annexure I.

CODE OF CONDUCT

The Board has formulated and adopted a Code of Conduct for all Board Members and Senior Management of the Company. Affirmation Report on Compliance of Code of Conduct has been received from the Board Members and Senior Management Personnel of the Company.

5. General Meeting:

5.1 ANNUAL GENERAL MEETING

The details of date, time, location and special resolutions at Annual General Meeting (AGM) held in last 3 years are as under:

Date	Time	Venue		Special Resolutions Passed	Directors' Attendance at AGM
September 29, 2008	11 AM	SJR I-Park, Plot 13, 14, 15, EPIP Industrial Area, Phase I Whitefield, Bangalore	a. b.	Approval of Appointment of Mr. Chrisopher A. Sinclair as Executive Chairman of the Company. Approval of Appointment of Mr. Satyen Patel as Executive Vice Chairman of the Company.	1. Satyen Patel 2. Kunal Kashyap
September 19, 2007	11AM	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore – 560 029		Nil	1. Satyen Patel 2. Shobhan Thakore
September 20, 2006	11AM	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore – 560 029.	a. b.	Approval of ESOP 2006 and grant of option under the same Grant of ESOPs to the employees of subsidiary Company.	1. Christopher A Sinclair 2. Satyen Patel 3. Dilip Keshu 4. Kunal Kashyap

5.2 Extraordinary General Meeting :

No Extra Ordinary General meeting was conducted during the period (nine months) ended December 31, 2008.

5.3 Postal Ballot :

The Company has not passed any Resolution through Postal Ballot during the period (nine months) ended December 31, 2008.

6. DISCLOSURES :

i. There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company.

ii. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets, during the period from April 01, 2008 to December 31, 2008: NIL

iii. The Company does not have a Whistle Blower policy.

iv. The Company has not adopted a treatment different from that prescribed in Accounting Standard.

v. There are no pecuniary relationship or transactions between non-executive directors and the Company.

vi. Details of compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49: The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

7. MEANS OF COMMUNICATION:

The quarterly, annual financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are also published in the prescribed format within 48 hours of the conclusion of the Board Meeting, in which they are considered, generally in all the editions of "The Financial Express" national english daily, circulating in the whole or substantially the whole of India and in "Udaya Vani", the newspaper published in regional language, where the Registered office of the Company is situated.

The details of financial information are also available at www.cambridgeworldwide.com

All the official news releases are also published on the Company's website. The financial statements and all other information disseminated to analysts/ institutional investors are also posted on Company's website.

8. GENERAL SHAREHOLDER INFORMATION :

1. Annual General Meeting

Day and Time	:	Thursday June 18, 2009 at 11.00AM
Venue	:	SJR I-Park, Plot 13, 14, 15, EPIP Industrial Area, Phase I Whitefield, Bangalore

2. Financial Calendar

The financial calendar of the Company is reproduced below:

Annual General Meeting	:	June 18, 2009
Results for quarter ending March 31, 2009	:	April 2009
Results for quarter ending June 30, 2009	:	July 2009
Results for quarter ending September 30, 2009	:	October 2009
Results for year ending December 31, 2009	:	March 2010

3. Book Closure : June 11, 2009 to June 18, 2009 (both days inclusive)
4. Dividend payment date : NIL
5. Listing on Stock Exchanges

Equity Shares of the Company are listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited, Madras Stock Exchange Limited and Ahmedabad Stock Exchange Limited. An annual Listing fee for the year 2008-09, has been paid to the above Stock Exchanges. The annual custodial fee for the year 2008-09 has been paid to both NSDL and CDSL.

Stock Code :

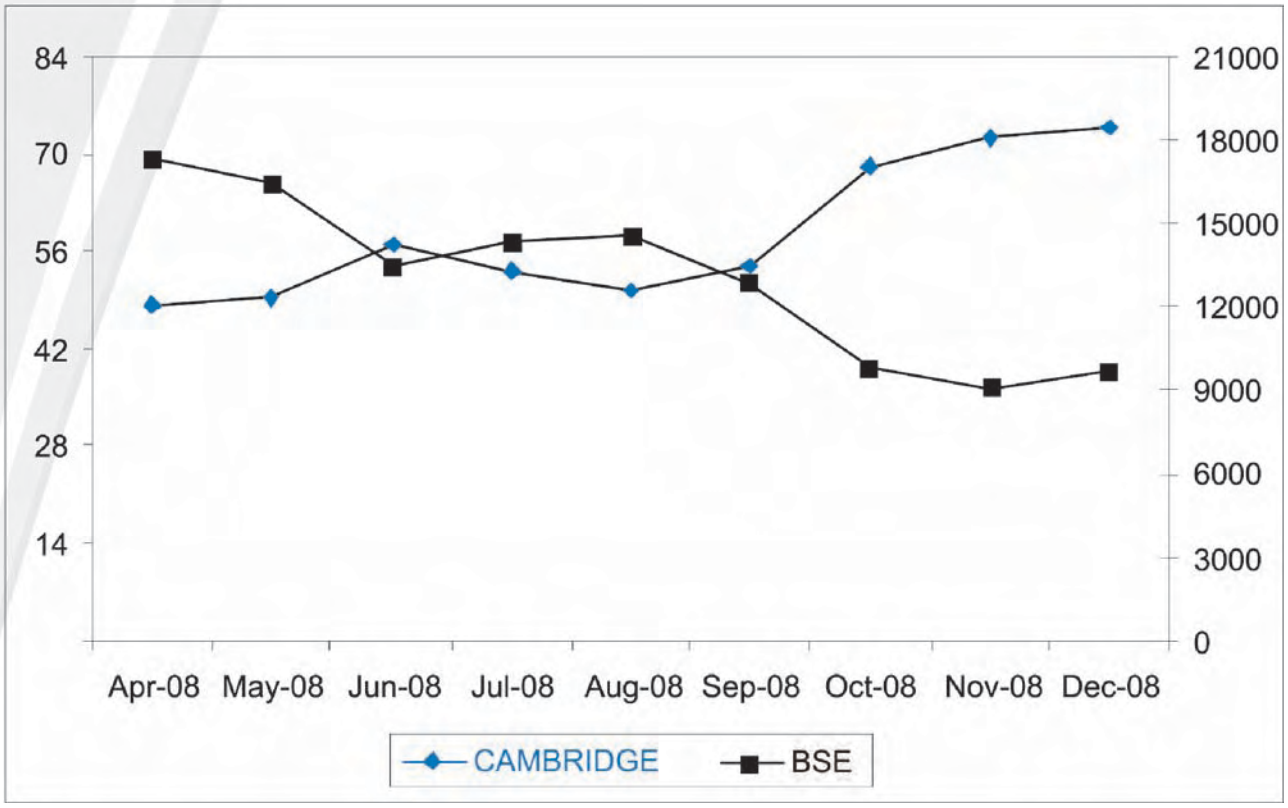
NSE : CAMBRIDGE

BSE: 532616

6. Market Price data

Month & Year		Share price of Cambridge Solutions Limited (NSE)			Share price of Cambridge Solutions Limited (BSE)		
		High (Rs)	Low (Rs)	Close (Rs)	High (Rs)	Low (Rs)	Close (Rs)
April	2008	49.60	35.50	48.40	55.95	35.83	48.30
May	2008	62.45	44.00	49.70	63.50	44.00	49.25
June	2008	64.10	40.75	56.65	64.00	39.80	57.05
July	2008	62.50	52.50	53.20	62.80	53.00	53.20
August	2008	56.40	47.50	50.20	55.50	49.55	50.40
September	2008	55.50	40.15	53.85	54.70	42.55	53.95
October	2008	72.20	55.15	68.10	71.30	55.00	68.10
November	2008	75.50	67.60	72.35	75.25	68.00	72.50
December	2008	74.35	70.65	73.60	75.95	71.10	73.60

7. **Performance of share price in comparison to BSE Sensex**



8. **Registrars and Transfer Agents:**

Karvy Computershare Private Limited,
Plot No.17-24, Vittal Rao Nagar
Madhapur
Hyderabad - 500 081.
Phone +91 040-23420816
Fax +91 040-23420814
Email : ksreddy@karvy.com
Website : www.karvy.com

9. **Share Transfer System:**

Shares sent for transfer in physical form are normally registered by our Registrars and Share Transfer Agents within 15 days of receipt of the documents, if the same are found in order. Shares under objection are returned within two weeks.

10. a. **Shareholding Pattern**

Categories of shareholding as on December 31, 2008		
Category	**No. of Shares held**	**% of shareholding**
Promoters	5,57,80,332	50.09
Mutual Funds and UTI	71,26,040	6.40

Category	No. of Shares held	% of shareholding
Banks, Financial Institutions, Insurance Companies	4,43,382	0.40
FIIs	26,87,144	2.41
Private Corporate Bodies	46,91,109	4.21
India Public	80,63,486	7.25
NRIs/OCBs	1,81,85,800	16.33
Others	1,43,88,090	12.91
Grand Total	**11,13,65,383**	**100.00**

b. Distribution of shareholding as on December 31, 2008

No. of shares	No. of shareholders	% of total shareholders	No. of shares held	% to total equity
1 – 5,000	23142	91.90	2367524	2.13
5,001 – 10,000	972	3.86	770069	0.69
10,001 – 20,000	431	1.71	660938	0.59
20,001 – 30,000	147	0.58	374313	0.34
30,001 – 40,000	85	0.34	303953	0.27
40,001 – 50,000	75	0.30	347314	0.31
50,001 – 1,00,000	131	0.52	950034	0.85
100001 & above	199	0.79	105591238	94.82
Total	**25182**	**100.00**	**111365383**	**100.00**

11. Dematerialisation of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form. The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for demat facility. As on December 31, 2008, 9,33,81,903 shares representing 83.85% of the Company's total shares were held in dematerialized form and the balance 1,79,83,480 shares representing 16.15% of the Company's total shares were in physical form. The Company's shares are regularly traded on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

ISIN No. : INE 692G01013

12. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.

There are no outstanding GDRs/ADRs/Warrants

13. Plant locations:

In view of the nature of the Company's business viz., Information Technology (IT) Services and IT enabled Services, the Company operates from various offices in India and abroad but does not have any manufacturing plant.

14. Address for Correspondence:

Shareholders may correspond with the company at the Registered Office of the company or at the office of Registrars and Transfer Agents of the Company.

Registered Office	Registrars and Transfer Agents
Cambridge Solutions Limited SJR I-Park, Plot 13, 14, 15. EPIP Industrial Area, Phase I Whitefield, Bangalore 560066, India. Phone + 91 080 3054 0000 Fax + 91 080 4115 7394 Email: compliance@cambridge-asia.com	Karvy Computershare Private Limited, "Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034 Ph. NO: 040-23420815 Fax No. 040-23420814

The above report has been placed before the Board at its meeting held on March 27, 2009 and the same was approved.

15. No. of shares traded during the period (nine months) ended December 31, 2008:

BSE: 80,66,019 Shares

NSE: 1,37,54,408 Shares

16. **Compliance Certificate by Practicing Company Secretary :**

The Company has obtained a certificate from the Practicing Company Secretary regarding compliance of conditions of corporate governance as stipulated under Clause 49 of the Listing Agreements executed with Stock Exchanges, which is annexed herewith as Annexure II.

Annexure - I

CEO/CFO CERTIFICATION

To

The Board of Directors
Cambridge Solutions Limited
Bangalore

We David Andrews, Chief Executive Officer and Nipun Bhatia, Chief Financial Officer of Cambridge Solutions Limited hereby certify to the Board, that;

a. We have reviewed financial statements and the cash flow statement for the period (nine months) ended December 31, 2008 and that to the best of our knowledge and belief :

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. 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.

b. 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.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit committee :

   i. significant changes in internal control over financial reporting during period;

   ii. significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements; and

   iii. 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 over financial reporting.

e. We further declare that all Board members and senior personnel have affirmed compliance with the code of conduct for the current period.

DAVID ANDREWS
CHIEF EXECUTIVE OFFICER

NIPUN BHATIA
CHIEF FINANCIAL OFFICER

Date : March 27, 2009

Annexure - II

CERTIFICATE ON CORPORATE GOVERNANCE REPORT

To,

The Members
Cambridge Solutions Limited
(Formerly known as Scandent Solutions Corporation Limited)

I have examined all relevant records of Cambridge Solutions Limited for the Purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with National Stock Exchange of India Limited, Bombay Stock Exchange Limited, Madras Stock Exchange Limited and Ahmedabad Stock Exchange Limited for the period (Nine Months) ended December 31, 2008. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affair of the Company.

On the basis of my examination of records produced, explanations and information furnished, I certify that the Company had complied with all the mandatory conditions of the said Clause 49 of the Listing Agreement.

P.S.M. CHARI
Company Secretary in Practice
Membership No. 8088
Certificate of Practice No 4503

Place : Bangalore
Date : March 19, 2009

FINANCIAL STATEMENTS INDIAN GAAAP

Auditors' Report

To

The Members of Cambridge Solutions Limited

1. We have audited the attached Balance Sheet of Cambridge Solutions Limited ('the Company') as at December 31, 2008 and also the Profit and Loss account and the cash flow statement for the nine months period 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. Without qualifying our opinion, we draw attention to Note 29 to the financial statements. As at December 31, 2008, the Company has net receivables (after eliminating payables) from Scandent USA (formerly Albion Inc.) and Cambridge Network Europe Limited (formerly Scandent Network Europe Limited), its wholly owned subsidiaries, of Rs 973 million (net of payable of Rs 392 million) and Rs 72 million (net of payable of Rs 289 million), respectively. The Company based on the future funding plans believes that these dues will be recovered in due course.

4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) 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 a statement on the matters specified in paragraphs 4 and 5 of the said Order.

5. Further to our comments in the Annexure referred to 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 accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
   - v. On the basis of the written representations received from the directors, as on December 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2008 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 December 31, 2008;
     - b. in the case of the profit and loss account, of the profit for the nine months period ended on that date; and
     - c. in the case of cash flow statement, of the cash flows for the period ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No.: 93283

Place : Gurgaon, India
Date : March 27, 2009

ANNEXURE REFERRED TO IN PARAGRAPH 4 OF OUR REPORT OF EVEN DATE

Re: Cambridge Solutions Limited ('the Company')

i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

The Company has a regular program of physical verification of fixed assets in a phased manner such that all categories of fixed assets are physically verified over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, during the period, fixed assets have been physically verified by the management and as informed, no material discrepancies were identified on such verification.

There was no substantial disposal of fixed assets during the period.

ii) Considering the nature of business of the Company, Clause 4 (ii) of the Companies (Auditor's Report) Order, 2003 (as amended) pertaining to physical verification of inventory and records maintained for inventory are not applicable to the Company.

iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

Accordingly, Clause 4 (iii) (b), (c), (d), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) 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 system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. During the period, the Company has made improvements in its internal control system with respect to tracking time for billing purposes in its BPO division for it to be commensurate with the size of the Company and the nature of its business at the period end. During the course of our audit, weakness noticed in the internal control system, have been rectified as at the Balance Sheet date.

Considering the nature of business of the Company, the Clause 4 (iv) of the Companies (Auditor's Report) Order, 2003 (as amended) to the extent pertaining to internal control system for purchase of inventory and sale of goods is not applicable to the Company.

v) According to the information and explanations provided by the management, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.

vi) The Company has not accepted any deposits from the public.

vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

ix) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues, applicable to it, have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable.

According to the records of the Company, the dues outstanding of income-tax on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount [Rs in millions]	Period to which the amount relates	Forum where dispute is pending
Income Tax Act,1961	Transfer pricing adjustment – Reduction in carry forward of losses	126.33	AY 2003-04	Commissioner of Income-tax (Appeals)
Income Tax Act,1961	Income tax payable on Transfer pricing adjustment	3.01*	AY 2004-05	Commissioner of Income-tax (Appeals)
Income Tax Act,1961	Income tax payable on Transfer pricing adjustment	119.32	AY 2005-06	Commissioner of Income-tax (Appeals)

* Net of Rs 2.81 million paid to the Income-tax authorities.

According to the information and explanation give to us, there are no dues of sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

x) The Company's accumulated losses at the end of the financial period are less than fifty percent of its net worth. The Company has not incurred cash losses during the period. *In the immediately preceding financial year the Company had incurred cash losses.*

xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. The Company does not have any borrowings by way of debentures.

xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by its subsidiary companies from banks, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained *other than for a term loan of Rs 230 million, which has been funded to a subsidiary company and as represented by the management, utilized for recouping previous capital expenditure deployed out of internal accruals at such subsidiary. We are unable to verify the end use of the funds at the subsidiary.*

xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that *the Company has used funds raised on short-term basis for long-term investment. The Company has a loan balance of Rs 860 million receivable from its subsidiary which was sourced out of short-term funds of the Company.*

xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix) The Company did not have any outstanding debentures during the period.

xx) The Company has not raised money by public issues.

xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given 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 S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No.: 93283

Place : Gurgaon, India
Date : March 27, 2009

BALANCE SHEET AS AT DECEMBER 31, 2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

CAMBRIDGE SOLUTIONS LIMITED

(All amounts in Indian Rupees)

	Notes	As at December 31, 2008	As at March 31, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	5	1,113,653,830	1,113,413,830
Reserves and surplus	6	1,383,984,361	1,378,866,880
		2,497,638,191	2,492,280,710
Loan Funds			
Secured loans	7	968,279,018	631,354,252
		968,279,018	631,354,252
TOTAL		**3,465,917,209**	**3,123,634,962**
APPLICATION OF FUNDS			
Fixed Assets	8		
Gross block (at cost)		654,699,042	206,569,836
Less: Accumulated depreciation		384,576,706	161,645,329
Net block		270,122,336	44,924,507
Capital work-in-progress		10,328,775	5,873,440
[including capital advances of Rs. 10,100,396 (March 31, 2008 -- Rs. Nil)]			
		280,451,111	50,797,947
Intangible Assets	9		
Gross block (at cost)		99,617,230	32,642,678
Less: Accumulated amortisation		74,170,456	24,616,782
Net block		25,446,774	8,025,896
Investments	10	2,029,703,431	2,228,653,431
Deferred Tax Asset (net)	11	-	-
Current Assets, Loans and Advances			
Sundry debtors	12	821,235,482	424,662,496
Cash and bank balances	13	64,759,179	75,503,926
Other current assets	14	175,218,112	107,017,450
Loans and advances	15	1,558,728,248	1,187,411,790
		2,619,941,021	1,794,595,662
Less: Current Liabilities & Provisions			
Current liabilities	16	1,320,751,513	868,110,194
Provisions	17	197,809,686	92,330,563
		1,518,561,199	960,440,757
Net Current Assets		1,101,379,822	834,154,905
Miscellaneous Expenditure	18	28,936,071	2,002,783
(to the extent not written off or adjusted)			
TOTAL		**3,465,917,209**	**3,123,634,962**

The accompanying notes 1 to 39 form an integral part of the Balance Sheet.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Gurgaon, India
Date : March 27, 2009

For and on behalf of the Board of Directors of
Cambridge Solutions Limited

David Andrews
Executive Chairman &
Chief Executive Officer

Richard Houghton
Executive Vice Chairman

Nipun Bhatia
Chief Financial Officer

V Viswanathan
Company Secretary

Place : London, UK
Date : March 27, 2009

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED DECEMBER 31, 2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

CAMBRIDGE SOLUTIONS LIMITED

(All amounts in Indian Rupees)

	Notes		For the period April 1, 2008 to December 31, 2008	For the year April 1, 2007 to March 31, 2008
INCOME				
Revenues	19		2,135,561,924	1,782,349,377
Other income	20		36,493,551	23,989,801
			2,172,055,475	**1,806,339,178**
EXPENDITURE				
Employee costs	21		763,657,172	582,162,082
Other operating costs	22		1,031,435,641	962,542,288
Provision for onerous leases	30		70,161,438	-
Profit before depreciation, amortisation, finance cost and taxes			**306,801,224**	**261,634,808**
Depreciation	8		83,902,104	27,328,929
Amortisation	9		22,509,026	9,023,848
Finance cost	23		73,960,723	143,399,155
Profit for the period / year before tax			**126,429,371**	**81,882,876**
Provision for current tax	25			
Current tax (MAT payable)		10,300,000		
Less: Provision for current tax (net of reversal of provision Rs 14,057,046 [March 31, 2008 -- Rs Nil] of earlier years)		(14,057,046)	(3,757,046)	2,400,000
Deferred tax charge	11 & 25		7,017,830	30,007,312
Fringe benefit tax	25		6,421,946	6,300,614
Profit for the period / year carried to Reserves and surplus			**116,746,641**	**43,174,950**
Weighted average number of equity shares used in computing earnings per share	26			
Basic			111,356,011	108,628,471
Diluted			111,360,899	108,696,470
Earnings per share [Equity shares, par value Rs 10 each (March 31, 2008 -- Rs 10)]				
Basic			1.05	0.40
Diluted			1.05	0.40

The accompanying notes 1 to 39 form an integral part of the Profit and Loss Account.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Gurgaon, India
Date : March 27, 2009

For and on behalf of the Board of Directors of Cambridge Solutions Limited

David Andrews
Executive Chairman & Chief Executive Officer

Richard Houghton
Executive Vice Chairman

Nipun Bhatia
Chief Financial Officer

V Viswanathan
Company Secretary

Place : London, UK
Date : March 27, 2009

CAMBRIDGE SOLUTIONS LIMITED

1 Background

Incorporation and History

Cambridge Solutions Limited ('Cambridge' or 'the Company'), was incorporated on February 1, 2002 by Scandent Group Limited, Mauritius ('Scandent Mauritius'). Scandent Group is promoted by individual investors and venture capital investors and is engaged in rendering software development and related services and Information Technology enabled Services ('ITeS'). Cambridge and its subsidiaries have operations principally in India, United States of America ('USA'), United Kingdom ('UK'), Australia, Germany, France, Singapore, Malaysia and Japan.

On December 29, 2003, Cambridge entered into a definitive agreement with SSI Limited ('SSI') for merger of the Information Technology division of SSI ('SSIIT') into Cambridge. As a part of the arrangement and pursuant to the Group's strategy to consolidate its operations in India; Erstwhile Scandent Group Inc., USA ('Scandent USA'), Cambridge Network Europe Limited ('Cambridge UK'), Cambridge Solutions Pte Limited, Singapore ('Cambridge Singapore'), Scandent Group GmbH, Germany ('Scandent Germany') and Crescent Infosystems Private Limited ('Crescent'), were transferred as subsidiaries from Scandent Mauritius to the Company effective March 31, 2004.

The Company assumes significant risks and rewards of significant contracts vesting in India. Under the arrangement, the subsidiaries retain stipulated percentage of the revenues earned, from contracts arranged by them for marketing services and cost plus mark-up for onsite efforts on contracts undertaken by them.

Pursuant to the Scheme of arrangement for de-merger of Information Technology division of SSI Limited ('SSIIT') and its merger in the Company ('the SSIIT merger Scheme'), sanctioned by the Honourable High Court of Judicature at Karnataka and the Honourable High Court of Judicature at Madras, assets and liabilities of SSIIT were transferred and vested in the Company with effect from July 2, 2004.

The Company, on October 1, 2004 converted to a public limited company and changed its name from Scandent Network Private Limited to Scandent Solutions Corporation Limited.

Pursuant to a Scheme of Amalgamation ('the Cambridge Merger Scheme') sanctioned by the Honourable High Court of Judicature at Karnataka on March 13, 2006, Cambridge Services Holdings LLC ('Cambridge LLC') merged with the Company. Cambridge LLC, a Delaware Corporation, was a Scandent Group company holding investments in Cambridge Integrated Services Group Inc. ('CISGI') and Cambridge Integrated Services Victoria Pty Limited ('Cambridge Australia') which were acquired by Cambridge LLC on November 30, 2004 from Aon Corporation, USA. These entities are engaged in providing Business Application outsourcing services. Under the Cambridge Merger Scheme, with effect from April 1, 2005, the assets and liabilities of Cambridge LLC vested with the Company in consideration of 69,960,000 equity shares of the Company issued at par and 4,797,507 equity shares issued at par to certain key employees and Affiliates ('Award holders') of Cambridge LLC. Subsequently, on June 19, 2006, the Company has changed its name to Cambridge Solutions Limited.

During the period, the principal shareholders [Scandent Holding Mauritius Limited ('SHML'), AON Minet Pension Scheme ('AON') and Katra Finance Limited ('Katra')] of the Company entered into share purchase agreements (the "SPAs") to sell up to 75% of the fully diluted share capital of the Company to Xchanging (Mauritius) Limited ("XML"), a wholly-owned subsidiary of Xchanging plc ("Xplc"), a listed company incorporated under the laws of England and Wales. The consideration payable to the sellers under the SPAs shall be satisfied partly by the payment of cash and partly by the issue of shares in Xplc. In compliance with Indian law and as a consequence of entering into the SPAs, XML was required to make an open offer to acquire up to 20% of the fully diluted share capital of the Company (the "Open Offer"). The total proportion of the shares in the Company to be acquired by XML under the SPAs and the Open Offer is 75% of the fully diluted share capital, with the proportion of the shares to be acquired under the SPAs being scaled back to reflect the number of shares actually acquired by XML under the Open Offer. The acquisition of shares under the SPAs is expected to complete on April 2, 2009. However, pursuant to the terms of the SPAs, XML assumed certain rights in relation to the Company in advance of the acquisition completion date. A number of these rights were assumed from January 1, 2009 and therefore it is from this date that the power of operational control is considered to have passed to XML.

Cambridge, together with its subsidiaries hereinafter is collectively referred to as 'the Group'.

2 Merger of Cambridge Integrated Services India Private Limited and Matrix One India Limited

Pursuant to a Scheme of Amalgamation ('the Cambridge-India Merger Scheme', ('CIMS')) sanctioned by the Honourable High court of Judicature at Karnataka on March 20, 2008, Cambridge Integrated Services India Private Limited ('CISIPL') and Matrix One India Limited ('Matrixone') merged with the Company with effect from April 1, 2008 and April 1, 2007 respectively. The Scheme was given effect to in the financial statements as at March 31, 2008. CISIPL and Matrixone, the wholly owned subsidiaries of the Company, were engaged in the business of rendering computer software services and purchase and sale of software licenses and ITeS and related services.

Under the Cambridge-India Merger Scheme, with effect from April 1, 2007 and April 1, 2008, the assets and liabilities of Matrixone and CISIPL respectively, vest with the Company and difference between the carrying value of investments and the value of net assets acquired under the Cambridge-India Merger Scheme has been adjusted to Profit and loss account of the Company on the respective appointed dates.

2.1 Pursuant to the terms of the Scheme:

2.1.1 The merger of CISIPL with the Company has been recorded on the appointed date, April 1, 2008, without any consideration. As on April 1, 2008, the assets and liabilities of CISIPL are as follows:

Particulars	Amount in Rs million
Share Capital [6,285,620 Equity shares of Rs 10 each and 178,449 Equity shares of Rs 5 each]	64
Securities premium	6
Profit and loss account	27
Secured loans	86
Unsecured loans	69
Total	252

Particulars	Amount in Rs million
Fixed assets and intangible assets (net)	257
Deferred tax asset (net)	7
Current assets	243
Current liabilities	(255)
Miscellaneous expenditure	0
Total	252

The merger of CISIPL is accounted for in accordance with the pooling of interest method and the difference between the carrying value of investments in CISIPL and the value of net assets acquired under the Scheme amounting to Rs 103 million has been adjusted to the Profit and loss account of the Company on the appointed date.

2.1.2 Matrixone had merged with the Company with effect from April 1, 2007 (i.e., the appointed date), without consideration. The merger was accounted for in accordance with the pooling of interest method and the difference between the carrying value of investments in Matrixone and the value of net assets acquired under the Scheme amounting to Rs 7 million was adjusted to the Profit and loss account of the Company on the appointed date.

2.1.3 The Securities premium account as at April 1, 2007 amounting to Rs 587 million was reduced to Rs 542 million after adjusting Deferred upfront/processing fee for loans amounting to Rs 21 million and Deferred interest on 11 percent debentures amounting to Rs 1 million and Deferred employee stock compensation expense amounting to Rs 24 million.

2.1.4 The Securities premium account as at October 1, 2007 amounting to Rs 1,815 million was reduced to Rs 783 million after adjusting the carrying value of investment in the shares of CISGI amounting to Rs 1,032 million. Consequently, the carrying value of investments as at March 31, 2008 was reduced from Rs 1,284 million to Rs 252 million.

2.1.5

i) The Company, as at March 31, 2008, revalued its investment in Cambridge Australia, Indigo Markets Limited, Bermuda ('IM Bermuda') and Scandent Germany from Rs 241 million to Rs 878 million, Rs 110 million to Rs Nil and Rs 1 million to Rs Nil respectively, basis the respective fair values and recorded the difference between the fair valuation and carrying value of investments, amounting to Rs 527 million as General reserve.

ii) The General reserve on revaluation of investments, as above, was utilised to write-off certain loans and advances to related parties amounting to Rs 38 million.

2.1.6 Expenses of Rs 8 million [March 31, 2008 -- Rs 10 million] incurred in executing the Cambridge-India Merger Scheme have been adjusted against the General reserve. Such adjustment with General reserves is not as per the Generally Accepted Accounting Principles. Had the adjustments pursuant to the Cambridge India Merger Scheme not been given effect to, the General reserves as at December 31, 2008 would have been higher by Rs 8 million and the profits for the period ended December 31, 2008 would have been lower by Rs 8 million

3 Shareholding pattern

i As at March 31, 2008, SHML held 61.35 per cent of equity of the Company. The percentage of holding of SHML dropped to 50.09 per cent as at December 31, 2008, post transfer of 12,527,225 equity shares by SHML to Katra on November 14, 2008.

ii The following table details the number of shares and the percentage of shareholding of the Company.

Name of the Shareholders	As at December 31, 2008	As at March 31, 2008
SHML	55,780,332 (50.09%)	68,307,557 (61.35%)
AON	17,490,000 (15.71%)	17,490,000 (15.71%)
Katra	12,527,225 (11.25%)	- -
Reliance Capital Trustee Company Limited	4,780,955 (4.29%)	4,755,955 (4.27%)
Others	20,786,871 (18.66)	20,787,871 (18.67%)
Total	**111,365,383 (100%)**	**111,341,383 (100%)**

4 Statement of Significant Accounting Policies

4.1 Basis of preparation

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. These financial statements are prepared on a stand alone basis. Hitherto the Company followed March 31 as its end date for financial reporting purposes. The Company has changed the end date of its financial year from March 31 to December 31. Accordingly, the financial statements have been prepared for a period of nine months ended December 31, 2008 (hereinafter referred to as 'period').

4.2 Use of estimates

The preparation of 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 the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

4.3 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses (if any). Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Based on the useful life estimated by the management, depreciation is provided under the straight line method at the rates mentioned below. For assets taken on lease, refer Note 4.6 below.

Assets	Rate (per cent)
Computers	33.33
Vehicles	20.00 – 50.00
Office equipment	20.00
Furniture and fixtures	20.00

The above rates are higher than the rates prescribed under Schedule XIV of the Companies Act, 1956

Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower, on a straight-line basis. Assets individually costing less than or equal to Rs 5,000 are fully depreciated in the year of acquisition

4.4 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre-tax weighted average cost of capital.

After impairment if any, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

4.5 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition. Intangible assets comprise of computer software and license to use intellectual property. Intangible assets are amortized over their estimated useful lives on straight-line basis, over a period of two to six years, commencing from the date the asset is available to the Company.

4.6 Leases

i. Finance Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

ii. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased 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.

4.7 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in the value is made to recognize a decline other than temporary in the value of the investments.

4.8 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Revenue from software development services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognized as related services are performed. Revenue from fixed-price contracts is recognized as per proportionate-completion method.

Revenue for ITeS and related services is recognized as services are rendered, on the basis of an agreed amount in accordance with the agreement entered into by the Company.

Revenue from maintenance contracts are recognized ratably over the term of the maintenance contract on a straight line basis.

Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

'Unbilled revenue' included in other current assets represents costs and earnings in excess of billings as at the balance sheet date.

Revenue from sale of user licenses for software application is recognized on transfer of the title in the user license.

Other income is recognized on accrual basis.

4.9 Project work expenses

Project work expenses represents amounts charged by the subsidiaries on cost plus basis for the software development and related services for the contracts undertaken by the Company, amounts charged by sub-contractors and cost of hardware and software incurred for execution of projects. These expenses are recognized on an accrual basis.

4.10 Miscellaneous expenditure

Miscellaneous expenditure comprises of cost of arranging long-term loans and guarantees. Cost of arranging long-term loans and guarantees are amortized, over the period of the loan, commencing from the date of the first draw-down of the related loan or guarantee, on weighted average basis.

4.11 Foreign currency transactions

i. Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii. Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

iv. Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the period.

4.12 Retirement and other employee benefits

Retirement benefit in the form of Provident fund is a defined contribution scheme. The Company contributes the employer's share of the Provident Fund and the Employees' Pension Scheme with the Regional Provident Fund Commissioner and charges all such amounts to the Profit and loss account on an accrual basis for the period / year when the contribution payable to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligation and is provided based on an actuarial valuation using projected unit credit method performed as at the balance sheet date. Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

Short-term compensated absences are provided for based on estimates.

4.13 Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the period in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in 'Guidance Note on Accounting in respect of Minimum Alternative Tax' issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

4.14 Deferred employee stock compensation costs

Stock options granted to the employees under Employee Stock Option Plans are recognized in accordance with the accounting treatment prescribed by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Accordingly, the excess of market value of the stock options as on the date of grant over the exercise price of the options is recognized as deferred employee stock compensation expenses and is charged to the profit and loss account on graded vesting basis over the vesting period of the options. The fair value of the options is measured on the basis of an independent valuation performed or the market price in respect of stock options granted.

4.15 Segment reporting

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of services rendered. The analysis of geographical segments is based on the geographical location of the Company's customer.

Inter segment Transfers:

The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The unallocated items include general corporate income and expense items which are not allocated to any business segment.

4.16 Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for capital reduction.

For the purpose of calculating diluted earnings per share, the net profit 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.

4.17 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 best 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 best estimates.

4.18 Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term investments with an original maturity of three months or less.

4.19 Derivative Instruments

As per The Institute of Chartered Accountants of India ('ICAI') Announcement, accounting for derivative contracts, derivative contracts other than those covered under AS-11 – 'The effects of changes in foreign exchange rates', are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

5 Share capital

	As at December 31, 2008	As at March 31, 2008
Authorised capital		
125,000,000 (March 31, 2008 -- 125,000,000) Equity shares of Rs 10 each	1,250,000,000	1,250,000,000
Issued, subscribed and paid-up capital		
111,365,383 (March 31, 2008 -- 111,341,383) Equity shares of Rs 10 each fully paid	1,113,653,830	1,113,413,830

(i) Of the above:

a) 74,757,507 (March 31, 2008: 74,757,507) equity shares have been allotted at par to the shareholders/awardholders of Cambridge LLC, pursuant to Cambridge Merger Scheme.

b) 6,158,986 (March 31, 2008: 6,158,986) equity shares have been allotted pursuant to conversion of 5.22 per cent convertible bonds to Indopark Holdings Limited at a premium of Rs 207 per share and the corresponding premium of Rs 1,274 million has been transferred to Securities premium account. [Also refer note 6(iii)].

c) 1,025,227 (March 31, 2008: 1,025,227) equity shares have been allotted pursuant to a preferential allotment to Scandent Mauritius at a premium of Rs 210 per share.

d) 691,387 (March 31, 2008: 667,387) equity shares have been allotted pursuant to options being exercised by employees under the Employee Stock Option Plans of the Company. Of these, 10,119 equity shares of Rs 10 each have been allotted at a premium of Rs 118.75 per share and balance of 681,268 equity shares have been allotted at the face value of Rs 10 and the stock compensation adjustment of Rs 61 million (March 31, 2008: Rs 59 million) have been transferred to Securities premium account.

(ii) 55,780,332 (March 31, 2008: 68,307,557) equity shares are held by Scandent Holdings Mauritius Limited ('SHML'), the Holding Company. (Also refer note 3).

(iii) Pursuant to the SSIIT Merger Scheme, the share capital of the Company as at March 31, 2004 had been reduced from Rs 328 million to Rs 132 million and the capital reduction of Rs 196 million had been utilised to adjust the debit balance of equivalent amount in the Profit and Loss account of the Company as at March 31, 2004.

(iv) Particulars of employee stock option on unissued share capital have been specified in note 33.

6 Reserves and surplus

	As at December 31, 2008	As at March 31, 2008
Capital reserve	5,700,900	5,700,900
Debenture Redemption Reserve [Refer note (ii) below]		
Balance, beginning of the period / year	-	90,000,000
Less: Transfer to General reserve on redemption of debentures	-	(90,000,000)
Balance, end of the period / year	-	-
Securities premium		
Balance, beginning of the period / year	813,080,341	587,133,676
Add: Share premium on Employee Stock Options exercised during the period / year [Refer note 5(i)(d) and 6 (v)]	26,782,286	29,917,238
Add: Share premium on allotment of equity shares to Indopark Holdings Limited [Refer note 5(i)(b)]	-	1,274,910,102
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer note 2]	-	(1,077,544,175)
Less: Share issue expenses	-	(1,336,500)
Balance, end of the period / year	839,862,627	813,080,341
Stock compensation adjustment [Refer note 33]		
Balance, beginning of the period / year (gross)	28,706,655	58,849,613
Less: Amount transferred to securities premium on exercise of options [Refer note 5(i)(d) and 6(v)]	(26,782,286)	(29,917,238)

Less: Reversal on forfeiture / lapse of stock options granted	(1,237,800)	(225,720)
Balance, end of the period / year (gross)	686,569	28,706,655
Less: Deferred employee stock compensation expense [Refer note (i) below]	-	(494,836)
Balance, end of the period / year (net)	686,569	28,211,819

	As at December 31, 2008	**As at March 31, 2008**
General reserve [Refer Note 1 & 2]		
Balance, beginning of the period / year	569,285,820	-
[including reserve arising pursuant to Cambridge- India Merger Scheme Rs 488,953,528]		
Add: Transfer from Debenture redemption reserve	-	90,000,000
Less : Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2]	(8,100,000)	(9,667,708)
	561,185,820	80,332,292
Addition during the period / year, pursuant to revaluation of Investments [Refer Note 2]	-	527,309,584
Less :Transferred to Profit and loss account as per the Cambridge-India Merger Scheme [Refer Note 2]	-	(38,356,056)
	-	488,953,528
Balance, end of the period / year	561,185,820	569,285,820
Profit and Loss account		
Balance, beginning of the period / year	(37,412,000)	(73,422,665)
Add: Profit for the period / year	116,746,641	43,174,950
Less : Adjustment pursuant to Cambridge-India Merger Scheme [Refer Note 2]	(102,786,196)	(7,164,285)
Balance, end of the period / year	(23,451,555)	(37,412,000)
	1,383,984,361	1,378,866,880
(i) Deferred employee stock compensation expense [Refer Note 33]		
Balance, beginning of the period / year	494,836	28,112,187
Less: Stock compensation expense amortised during the period / year	(494,836)	(21,118,996)
Less: Forfeiture of stock options granted	-	(225,720)
	-	6,767,471
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2]	-	(6,272,635)
Balance, end of the period / year	-	494,836

(ii) On August 1, 2002, the Company issued 1,500,000, 11 per cent Debentures pursuant to the agreement entered into for acquisition of rights to a contract to render software services for a specified term to a particular customer. The debentures were repayable at par at the end of five years from the date of issuance. Interest on the debentures was payable at annual rests. In April 2006, the Company redeemed debentures of Rs 60 million before its maturity and the excess of debenture redemption reserve over the balance of debentures of Rs 40 million was transferred to General reserve. Further, during the year ended March 31, 2008 the Company redeemed the entire debentures outstanding, amounting to Rs 90 million. Accordingly, upon redemption of debentures, balance in debenture redemption reserve was transferred to General reserve.

(iii) During the previous year, the Company redeemed convertible bonds of Rs 1,337 million issued to Indopark Holdings Limited, Mauritius, by issue of equity shares at a conversion price of Rs 217 per equity share (including a premium of Rs 207 per equity share).

(iv) Pursuant to Cambridge Merger Scheme, stock compensation adjustment of Rs 121 million towards Awards granted by Cambridge LLC under the Cambridge Equity Plan has been transferred to the Company, to be amortised over the remaining vesting period. Accordingly during the period, the Company has recorded stock compensation expense of Rs Nil (March 31, 2008 -- Rs Nil), net of Rs Nil (March 31, 2008 -- Rs 17 million) adjusted pursuant to Cambridge-India Merger Scheme [Refer note 2].

(v) During the period, the employee stock compensation cost of Rs 24 million (March 31, 2008 -- Rs 24 million) pertaining to Restricted units of Cambridge LLC has been transferred to Securities premium account.

7 Secured loans

	As at December 31, 2008	As at March 31, 2008
From Banks:		
Cash / export credit facility	469,557,816	440,739,180
Term loan	479,999,998	178,411,457
	949,557,814	619,150,637
From Others:		
Loans for purchase of fixed assets	17,051,929	12,203,615
Finance lease obligation	1,669,275	-
	18,721,204	12,203,615
	968,279,018	631,354,252

(i) On March 24, 2005, the Company entered into a Working Capital Dollar loan agreement with EXIM Bank. As per the terms of the agreement, EXIM Bank has sanctioned US $ 4 million to meet the Company's working capital requirements at interest rate of LIBOR (6 months) plus 300 basis points. The facility was to be repaid by the Company in bullet repayment at the end of two years from the date of draw down. During the previous year, the Company had renewed the facility for a further period of two years at an interest rate of LIBOR (6 months) plus 325 basis points. The facility is secured by first pari-passu charge on the entire fixed assets and current assets of the Company, except those which are specifically charged, corporate guarantee of Cambridge UK, Cambridge Singapore, Scandent USA (formerly Albion) and SHML. As at December 31, 2008 the Company has availed the entire facility of Rs 194 million (US $ 4 million) [March 31, 2008 -- Rs 160 million (US $ 4 million)] and the same is repayable within one year (March 31, 2008 -- Rs Nil).

(ii) On May 15, 2005, the Company entered into a letter of arrangement for a cash credit facility with Axis Bank (formerly UTI Bank) for a tenure of one year, which was subsequently renewed on June 17, 2008 for a period of one year. As per the terms of the arrangement, Axis Bank will provide cash credit upto Rs 35 million to meet the working capital requirement of the Company at an interest rate of the prevailing Axis Bank's prime lending rate minus 3 per cent. The credit is secured by a first pari-passu charge on all the current assets of the Company, both present and future, except receivable from Scandent USA (formerly Albion). As of December 31, 2008, the Company has availed a loan of Rs Nil (March 31, 2008 -- Rs 35 million).

(iii) On December 14, 2006, Yes Bank sanctioned a cash credit facillity of Rs 50 million to meet the working capital requirements of the Company at an interest rate of Yes Bank's prime lending rate minus 2.5 per cent per annum (March 2008 : 3 per cent per annum). Pursuant to the merger of CISIPL with the Company, the overdraft facility with Yes Bank of CISIPL was transferred to the Company. Consequent to this, the bank on December 24, 2008 enhanced the facility from Rs 50 million to Rs 100 million.The loan is secured by way of first pari passu charge on the current assets and movable fixed assets of the Company and by unconditional and irrevocable Corporate Guarantee of SHML. As at December 31, 2008, the Company has availed facility of Rs 49 million (March 31, 2008 -- Rs 47 million) and the same is repayable within one year.

(iv) On January 16, 2007, State Bank of India sanctioned Export Packing Credit facility of Rs 220 million in equivalent US Dollars to meet the working capital requirements of the Company at an interest rate of LIBOR (6 months) plus 100 basis points for a period of 12 months. On November 30, 2008 the facility was renewed and limit was enhanced to Rs 255 million with an equivalent Cash credit facility as a sub limit for a period of 12 months. Interest rates have been modified to LIBOR (6 months) plus 200 basis points. The loan is secured by way of hypothecation of all the receivable, present and future on pari passu charge with EXIM Bank, Axis Bank and Yes Bank, and corporate guarantee of SHML. The loan is repayable on demand. As at December 31, 2008, the Company has fully availed the facility and the balance outstanding is Rs 227 million (March 31, 2008 -- Rs 198 million).

(v) On December 31, 2004, Axis Bank sanctioned term loan facility of Rs 247 million to meet its normal operation and capital expenditure requirements, at an interest rate of prime lending rate minus 4 per cent per annum. As per the agreement, the loan was repayable in five equal half yearly installment of Rs 49.5 million each commencing from February 2007. Subsequently, the Company had renegotiated the terms of repayment to thirty two equal installments payable monthly from July 2006. The loan is secured by first pari passu charge on all current assets and movable fixed assets of the Company, both present and future, except receivable of Scandent USA (formerly Albion), and collateral security by way of unconditional personal guarantee of an erstwhile Director and corporate guarantee of Cambridge UK and SHML. Further, the Company was required to maintain liquidity reserve equivalent to one installment as a fixed deposit with the Bank. As at March 31, 2008 the Company had fully availed the loan and balance outstanding was Rs 85 million. On July 18, 2008, entire outstanding balance has been repaid by the Company and there is Rs Nil balance outstanding as at December 31, 2008.

(vi) On March 23, 2006, Yes Bank sanctioned a term loan of Rs 280 million to repay some of the existing loans of the Company at an interest rate of Yes Bank's prime lending rate minus 3 per cent per annum. The loan was secured by way of first pari passu charge on the current assets and movable fixed assets of the Company and by unconditional and irrevocable corporate guarantee of SHML. The loan was repayable in twelve equal quarterly installments without moratorium from June 2006. As at March 31, 2008, the Company had availed the entire facility and had repaid eight installments. The balance outstanding as on March 31, 2008, Rs 93 million, was repaid on July 2, 2008 and there is Rs Nil outstanding as at December 31, 2008.

(vii) On December 14, 2006, Yes Bank sanctioned a term loan of Rs 80 million at an interest rate of Yes Bank's prime lending rate minus 2.5 per cent per annum, to meet the working capital requirements of CISIPL. CISIPL had repaid Rs 40 million in June 2007 and had taken one year moratorium for the remaining balance.The balance outstanding as at March 31, 2008 was Rs 40 million. Pursuant to the merger of CISIPL with the Company the loan was transferred to the Company. On July 2, 2008 the entire balance outstanding was repaid by the Company and there is Rs Nil balance outstanding as at December 31, 2008.

(viii) On June 3, 2008, Yes Bank sanctioned a short-term loan of Rs 90 million for financing capital expenditure at an interest rate of 12 per cent per annum. The loan was secured by way of first pari passu charge on the current assets and movable fixed assets of the Company, both present and future, and by corporate guarantee of SHML. The loan is repayable in six equal monthly installments after a moratorium period of 6 months. The entire amount was prepaid on December 24, 2008 and there is Rs Nil balance outstanding as at December 31, 2008.

(ix) On July 14, 2008, Bank of India sanctioned a corporate loan of Rs 250 million at an interest rate of Bank of India prime lending rate minus 1 per cent per annum. The loan is secured by way of first pari passu charge on the current assets, movable fixed assets of the Company, both present and future and a charge on all future and present intangible assets of the Company including goodwill and by unconditional and irrevocable corporate guarantee of SHML. The loan is repayable in twenty five equal installments commencing from March 2009. As at December 31, 2008 the Company has availed the entire loan and the balance outstanding as on December 31, 2008 is Rs 250 million (March 31, 2008 -- Nil). The amount payable within one year is Rs 100 million (March 31, 2008 -- Rs Nil).

(x) On December 24, 2008, Yes Bank sanctioned a short-term loan of Rs 250 million for financing capital expenditure at an interest rate of rate of Yes Bank's prime lending rate minus 3 per cent per annum. The loan is secured by way of first pari passu charge on the current assets and movable fixed assets of the Company and by corporate guarantee of SHML. The loan is to be repaid in eight equal monthly instalments commencing from April 2009. As at December 31, 2008 the Company has availed Rs 230 million (March 31, 2008 -- Rs Nil) of the facility and entire amount is repayable within one year (March 31, 2008 -- Rs Nil). The loan has been funded to a subsidiary company for recouping previous capital expenditure deployed out of internal accruals at such subsidiary and the Company, basis no objection certificate received from bank considers the terms of the loan to be compliant.

(xi) The Company has obtained vehicles under a financing arrangement. The loan is repayable over two to five years and are secured by assets taken against these loans. As at December 31, 2008, Rs 17 million (March 31, 2008 -- Rs 12 million) was outstanding against the financing arrangements and the amount repayable within one year is Rs 5.7 million (March 31, 2008 Rs 5.3 million).

(xii) The Company has obtained a vehicle on finance lease. The lease is for a period of five years and is secured by the asset acquired under the lease. An amount of Rs 1.7 million (March 31, 2008 - Rs Nil) is outstanding as at December 31, 2008 and the amount repayable within one year is Rs 0.4 million (March 31, 2008 -- Rs Nil).

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8. Fixed assets

	Gross Block (at cost)					Depreciation					Net Block	
	As at April 1, 2008	Additions pursuant to the CIMS [Refer Note 2]	Additions	Deletions	As at December 31, 2008	As at April 1, 2008	Additions pursuant to the CIMS [Refer Note 2]	For the period / year	Deletions	As at December 31, 2008	As at December 31, 2008	As at March 31, 2008
Leasehold Improvements	14,873,698	112,739,768	28,740,007	-	156,353,473	14,873,698	35,690,642	20,716,742	-	71,281,082	85,072,391	-
Computers	130,983,343	81,790,497	21,030,214	-	233,804,054	111,052,076	51,281,616	27,926,225	-	190,259,917	43,544,137	19,931,267
Vehicles	23,611,456	9,822,333	15,053,587	10,738,929	37,748,447	11,130,872	4,794,774	8,522,665	5,294,710	19,153,601	18,594,846	12,480,584
Office Equipment	17,978,670	112,936,232	15,906,688	-	146,821,590	11,476,921	32,911,815	18,390,839	-	62,779,575	84,042,015	6,501,749
Furniture and fixtures	19,122,669	47,782,971	13,065,838	-	79,971,478	13,111,762	19,645,136	8,345,633	-	41,102,531	38,868,947	6,010,907
Total	**206,569,836**	**365,071,801**	**93,796,334**	**10,738,929**	**654,699,042**	**161,645,329**	**144,323,983**	**83,902,104**	**5,294,710**	**384,576,706**	**270,122,336**	**44,924,507**
Previous year	**202,627,394**	**-**	**25,569,099**	**21,626,657**	**206,569,836**	**150,730,229**	**-**	**27,328,929**	**16,413,829**	**161,645,329**	**44,924,507**	

(i) All vehicles include assets taken on loan /under finance lease.

(ii) As at December 31, 2008, the Gross book value and net book value of Rs 78 million (March 31, 2008 -- Rs Nil) and Rs 60 million (March 31, 2008 -- Rs Nil) respectively are being used by a sub-lessee. The Company has recorded depreciation charge of Rs. 9.5 million (March 31, 2008 -- Rs Nil) for these assets during the period ended December 31, 2008.

9. Intangible assets

	Gross Block (at cost)					Amortisation					Net Block	
	As at April 1, 2008	Additions pursuant to the CIMS [Refer Note 2]	Additions	Deletions	As at December 31, 2008	As at April 1, 2008	Additions pursuant to the CIMS [Refer Note 2]	For the period / year	Deletions	As at December 31, 2008	As at December 31, 2008	As at March 31, 2008
Computer Software	32,642,678	41,059,651	9,811,513	-	83,513,842	24,616,782	27,044,648	22,221,300	-	73,882,730	9,631,112	8,025,896
License to use intellectual property	-	-	16,103,388	-	16,103,388	-	-	287,726	-	287,726	15,815,662	-
Total	**32,642,678**	**41,059,651**	**25,914,901**	**-**	**99,617,230**	**24,616,782**	**27,044,648**	**22,509,026**	**-**	**74,170,456**	**25,446,774**	**8,025,896**
Previous year	**21,668,414**	**-**	**10,974,264**	**-**	**32,642,678**	**15,592,934**	**-**	**9,023,848**	**-**	**24,616,782**	**8,025,896**	

10 Investments

(Unquoted, at cost, unless otherwise stated, fully paid-up)

		As at December 31, 2008		As at March 31, 2008
Other than Trade (Long term):				
Nil (March 31, 2008 -- 215,000) equity shares of Rs 10 each in Globsyn Technologies Limited [Refer note (i)]		-		8,600,000
Less : Provision for diminution in value of investment		-		(8,600,000)
		-		-
In Subsidiary Companies (Long term): (Trade investments)				
2,300,000 (March 31, 2008 -- 2,300,000) ordinary shares of Singapore Dollar 1 each in Cambridge Singapore		678,150		678,150
2,664,278 (March 31, 2008 -- 2,664,278) ordinary shares of GBP 1 each in Cambridge UK [Refer note (ii)]		222,193,797		222,193,797
9,930,062 (March 31, 2008 -- 8,073,267) common stock of US $ 1 each in Scandent USA (formerly Albion) [Refer Note (iii)]	1,122,479,571		810,629,786	
Less: Provision for diminution in value of investment [Refer note (iii)]	(445,690,159)		(445,690,159)	
	676,789,412		364,939,627	
Nil (March 31, 2008 -- 2,760,000) common stock of US $ 0.001 each in Scandent USA [Refer Note (iii)]	-		78,106,953	
Advance paid towards purchase of common stock in Scandent USA [Refer Note (iii)]	-	676,789,412	233,742,832	676,789,412
Euro 25,600 (March 31, 2008 -- Euro 25,600) share capital in Scandent Germany	452,100		452,100	
Less : Adjustment to the value of investment pursuant to Cambridge-India Merger Scheme [Refer note (iv)]	(452,100)	-	(452,100)	-
12,000 (March 31, 2008 -- 12,000) common stock of US $ 1 each in Indigo Market Limited Bermuda ('IM Bermuda')	109,620,316		109,620,316	
Less: Adjustment to the value of investment pursuant to Cambridge-India Merger Scheme [Refer note (iv)]	(109,620,316)	-	(109,620,316)	-
100 (March 31, 2008 -- 100) ordinary shares of Australian Dollar 0.05 each in Cambridge Australia	240,625,000		240,625,000	
Add: Adjustment to the value of investment pursuant to Cambridge-India Merger Scheme [Refer note (iv)]	637,382,000	878,007,000	637,382,000	878,007,000
2,800 (March 31, 2008 -- 1,000) common units of US $ 0.01 each in CISGI [Refer Note (v)]	3,209,495,000		2,384,375,000	
Less: Adjustment to the value of investment pursuant to the Cambridge Merger Scheme [Refer note (v)a]	(1,925,400,000)		(1,925,400,000)	
Less: Adjustment to the value of investment pursuant to the Cambridge-India Merger Scheme [Refer note (v)b]	(1,032,059,928)	252,035,072	(458,975,000)	-
Advance paid towards purchase of equity shares in CISGI [Refer Note (v)c]			825,120,000	
Less: Adjustment to the value of investment pursuant to the Cambridge-India Merger Scheme [Refer note (v)b]	-	-	(573,084,928)	252,035,072
Nil (March 31, 2008 -- 6,285,620) equity shares of Rs 10 each and Nil (March 31, 2008 -- 178,449) equity shares of Rs 5 each in CISIPL [Refer Note (vi)]		-		198,950,000
		2,029,703,431		2,228,653,431

(i) During the period, the Company has sold the investment in Globsyn Technologies Limited.

(ii) During the year ended March 31, 2007, the Company had made additional investment of Rs 143 million in Cambridge UK towards 1,757,911 shares which were allotted on May 9, 2007. As at December 31, 2008, the accumulated losses in Cambridge UK exceeded the share capital as at December 31, 2008. The management is confident of generating greater business, and improving profitability by utilising offshore work force and by bringing in cost efficiencies. Accordingly, management considers such diminution to be temporary in nature and has not provided for further diminution in the value of investments.

(iii) a) On April 24, 2007, Scandent USA, merged into Albion Inc at a consideration equal to its book value of Rs 312 million (including shares pending allotment of Rs 234 million). Subsequent to the merger, Albion Inc changed its name to Scandent Group Inc [hereafter referred to as Scandent USA (formerly Albion)]. The consideration for the merger, has been received by the Company in the form of 1,856,795 equity shares of Scandent USA (formerly Albion) resulting in total investment in Scandent USA (formerly Albion) of 9,930,062 shares amounting to Rs 1,122 million. As at March 31, 2008, the Company was to receive 1,856,795 shares and accordingly had disclosed investment in Scandent USA (formerly Albion), investment in Scandent USA and Advance paid towards purchase of shares in Scandent USA, separately under investments. During the period, Scandent USA (formerly Albion) has issued 1,856,795 equity shares of US $ 1 each to the Company.

b) Pursuant to the Scheme of Demerger of SSIT with the Company as at March 31, 2005, diminution in the value of investment amounting to Rs 445,690,159 was transferred to the Company. As at December 31, 2008, the accumulated losses in Scandent USA (formerly Albion) exceeded the share capital as at December 31, 2008. The management is confident of generating greater business, and improving profitability by utilising offshore work force and by bringing in cost efficiencies. Accordingly, management considers such diminution to be temporary in nature and has not provided for further diminution in the value of investments.

(iv) During the previous year, pursuant to the Cambridge-India Merger Scheme, the Company revalued its investments on the basis of fair valuation resulting in increase in value of investment in Cambridge Australia amounting to Rs 637,382,000 and decrease in value of investment in Scandent Germany and IM Bermuda amounting to Rs 452,100 and Rs 109,620,316 respectively.

(v) a) Pursuant to the Cambridge Merger Scheme, investment in Cambridge Australia and CISGI were transferred to the Company. Cambridge LLC had acquired these investments for a consideration of $121 million (or Rs 5,306 million) of which $61 million (or Rs 2,681 million) was paid by CISGI by taking a loan from a bank. Accordingly, investments have been recorded in the books of Cambridge LLC at $60 million (or Rs 2,625 million) and consequently, recorded by the Company at the same value. Further, in accordance with the terms of the Cambridge Merger Scheme, excess of net asset transferred to the Company over the par value of equity shares issued amounting to Rs 1,925 million has been utilised to reduce the carrying value of investments in CISGI.

b) Pursuant to Cambrigde-India Merger Scheme, Share premium as at October 1, 2007 has been reduced by Rs 1,032,059,928 with a corresponding adjustment to carrying value of investment in CISGI amounting to Rs 458,975,000 and reduction of advance paid towards purchase of Shares in CISGI amounting to Rs 573,084,928. [Refer Note 2]

c) During the year ended March 31, 2007, the Company had made additional investment of Rs 825 million in CISGI. The Company had remitted $ 18 million to Scandent USA as unsecured loan which was subsequently transferred to CISGI and converted to investment in CISGI. As at March 31, 2008, these shares were pending allotment to the Company and has accordingly been disclosed as Advance towards purchase of share capital. In May 2008, these shares have been alloted and registered in the name of the Company.

(vi) On October 22, 2007, the Company purchased 6,285,620 equity shares of Rs 10 each and 178,449 equity shares of Rs 5 each in CISIPL from Processmind Holdings Mauritius Limited (a step-down subsidiary of the Company) ('PHML'), for a consideration of Rs 199 million. These shares were allotted to the Company during the period. Pursuant to the Cambridge-India Merger Scheme, CISIPL merged with the Company with effect from April 1, 2008. [Refer Note 2].

(vii) On December 24, 2007, CISGI and Scandent USA have entered into a US $ 40 million Credit agreement jointly with DBS Bank Ltd and Bank of India ('Lenders') at an interest rate of LIBOR plus 250 basis points. Pursuant to the loan agreement the Company has pledged the shares of CISGI, Scandent US, Cambridge Australia and Cambridge Singapore with the Lenders. During the current period the Group has repaid US $ 10 million and has an outstanding loan of US $ 30 million as at December 31, 2008. As at December 31, 2008 the Group was not in compliance with the financial covenants stated in the Credit agreement. The Group has obtained a waiver of non compliance from one of the Lender as at December 31, 2008 and is awaiting confirmation from the second lender. No notice of default has been received from the lenders and the Group is confident of obtaining the waiver.

11 Deferred tax asset (net) (Refer Note 25)

	Deferred tax asset/(liability) as at April 1, 2008	Adjustment pursuant to merger of CISIPL	Current period credit/ (charge)	Deferred tax asset/ (liability) as at December 31, 2008
Brought forward losses and unabsorbed depreciation	-	7,017,830	(7,017,830)	-
				-
	-	7,017,830	(7,017,830)	-
Previous year	-	-	-	-

12 Sundry debtors

	As at December 31, 2008	As at March 31, 2008
Debts outstanding for a period exceeding six months (Unsecured)		
Considered good	-	17,832,978
Considered doubtful	74,647,417	10,578,147
Other debts (Unsecured)		
Considered good	821,235,482	406,829,518
	895,882,899	435,240,643
Less : Provision for doubtful debts	74,647,417	10,578,147
	821,235,482	424,662,496

	As at December 31, 2008	As at March 31, 2008
Dues from subsidiaries		
Scandent USA (formerly Albion)	222,546,625	45,114,275
Indigo Markets Europe Ltd ('IM Europe')	-	2,633,688
Indigo Markets Singapore Pte Ltd ('IM Singapore')	-	599,851
Cambridge UK	326,936,616	258,420,718
CISGI USA	172,086,987	11,047,708
IM Bermuda	3,033,135	-
Ecomm Solutions Corp	-	2,801,098
	724,603,363	320,617,338
Less: Provision for Doubtful debts	46,722,975	4,719,722
	677,880,388	315,897,616

(i) During the previous year, the Company received Rs 152 million from Scandent USA (formerly Albion), Rs 5 million from IM Europe and Rs 26 million from IM Singapore against debtors which were provided for in July 2004 pursuant to the SSIT Merger Scheme and accordingly has written back provision for doubtful debts amounting to Rs 183 million.

(ii) The Company based on specific identification and likelihood to obtain payment has determined an additional amount of provision for doubtful debts amounting to Rs 42 million.

13 Cash and bank balances

	As at December 31, 2008	As at March 31, 2008
Cash on hand	82,356	166,131
Balances with scheduled banks:		
-- Current accounts	40,587,424	51,527,221
-- Fixed deposit account	24,084,516	23,706,284

Balances with other banks		
-- Current accounts		
China Trust Commercial Bank	4,883	104,290
[Maximum Balance held during the period-Rs. 104,474 (March 31, 2008- Rs. 104,884)]		
	64,759,179	75,503,926

(i) Fixed deposits include Rs 2.4 million (March 31, 2008 - Rs 1 million) kept as margin money for the guarantee extended by a bank in favour of the Assistant Commissioner of Customs to procure capital assets without payment of duty and Rs Nil (March 31, 2008 - Rs 11 million) maintained as liquidity reserve as per the terms of the loan agreement with Axis Bank (refer Note 7(v)).

(ii) Current account balance includes Rs 0.24 million (2008 -- Rs 0.24 million) received by preferential allotment of 5.22 per cent Convertible Bonds.

		As at December 31, 2008	As at March 31, 2008
14	**Other Current Assets**		
	Deferred Contract costs	11,344,623	-
	Unbilled revenues	163,873,489	107,017,450
		175,218,112	107,017,450

		As at December 31, 2008	As at March 31, 2008
15	**Loans and advances (Unsecured)**		
	Considered good		
	Dues from subsidiaries		
	Loans and advances	1,221,687,383	1,028,032,065
	Expenses receivable	77,279,044	44,846,758
		1,298,966,427	1,072,878,823
	Advances recoverable in cash or kind or for value to be received	82,941,321	25,301,881
	Deposits	100,894,586	55,218,385
	Advance tax	75,925,914	34,012,701
		1,558,728,248	1,187,411,790
	Considered doubtful		
	Dues from subsidiaries		
	Loans and advances	742,138,591	741,375,287
	Less: Provision for doubtful loans and advances	(742,138,591)	(741,375,287)
		-	-
	Dues from others		
	Loans and advances	1,237,100	-
	Less: Provision for doubtful advances	(1,237,100)	-
		1,558,728,248	1,187,411,790

i) As at December 31, 2008, the entire loans and advances balance of Rs 2,041 million (March 31, 2008 -- Rs 1,814 million) due from subsidiaries is interest free and repayable on demand.

ii) During the previous year, pursuant to the Cambridge-India Merger Scheme, the Company had withdrawn Rs 38 million from General reserve and adjusted the same against the receivables from Atindia and Seabulk.

	Maximum amount due at anytime during the period	Balance as at December 31, 2008
Dues from subsidiaries		
Scandent USA (formerly Albion)	1,939,319,370	1,908,357,747
Cambridge Solutions Pty Ltd., Australia	1,853,191	1,853,191
Cambridge Singapore	334,141	323,882
Cambridge UK	68,573,855	57,287,484
Cambridge Australia	41,768,786	8,582,703
CISGI	50,128,627	50,128,627
IM Bermuda	822,860	800,095
Nexplicit Infotech India Pvt Ltd	17,889,755	12,106,036
		2,039,439,765
Less: Provision for doubtful loans and advances		742,138,591
		1,297,301,174
Dues from holding company		
SHML	1,665,253	1,665,253

	Maximum amount due at anytime during the year	Balanc as at March 31, 2008
Dues from companies under the same management:		
Scandent USA (formerly Albion)	1,650,147,800	1,630,238,253
CISIPL	114,864,589	76,367,174
Cambridge Australia	10,962,762	10,962,762
Cambridge Singapore	271,836	271,836
Cambridge UK	73,245,830	64,052,353
Cambridge Solutions Pty Ltd., Australia	1,155,994	1,139,803
CISGI	22,126,092	22,126,090
IM Bermuda	445,583	445,583
IM Europe	6,572	6,572
Nexplicit Infotech India Pvt Ltd	20,647,281	8,643,684
Scandent USA	397,859,381	-
		1,814,254,110
Less: Provision for doubtful loans and advances		741,375,287
	-	1,072,878,823
Dues from companies in which directors are interested		
Atindia Management Services Private Limited	4,639,993	-
Seabulk Software India Private Limited	33,716,063	-
Dues from holding company		
SHML	5,758,617	-

		As at December 31, 2008	As at March 31, 2008
16	**Current liabilities**		
	Sundry creditors	259,128,444	127,598,028
	Dues to subsidiaries		
	- Advances received	58,027,678	34,691,404
	- Expenses payable	727,711,313	411,360,953
	- Others	-	161,878,500
	Interest accrued but not due on loans	1,584,221	2,706,240
	Advance from customers	257,680,005	110,368,914
	Other liabilities	16,619,852	19,506,155
		1,320,751,513	868,110,194

(i) As at December 31, 2008, based on the information available with the Company, there are no dues to suppliers who are registered as micro, small or medium enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

(ii) Amounts due to subsidiaries as at March 31, 2008 include Rs 161,878,500 payable to Processmind Holdings Mauritius Limited towards acquisition of shares of CISIPL.

	Balance as at December 31, 2008	Balance as at March 31, 2008
Dues to subsidiaries		
Scandent USA (formerly Albion)	392,034,730	198,609,836
Cambridge Singapore	99,585,573	55,913,050
Cambridge UK	288,874,085	155,897,615
IM Bermuda	1,366,726	42,887
IM Singapore	-	1,103,470
Process Mind Inc	-	161,878,500
Scandent Germany	-	34,485,499
CISGI USA	3,877,877	-
	785,738,991	607,930,857

(iii) Sundry Creditors include deferred rent amounting to Rs 8 million (March 31, 2008 -- Rs 4 million).

17	**Provisions**		
	Provision for taxation	69,994,695	48,127,572
	Provision for gratuity	25,294,988	18,334,515
	Provision for compensated absences	32,358,565	25,868,476
	Provision for onerous leases	70,161,438	-
		197,809,686	92,330,563

(i) Movement during the period (figures in brackets are in respect of previous year)

Description	Opening Balance	Adjustment pursuant to merger of CISIPL	Charge during the period / year	Used during the period / year	Closing Balance
Provision for gratuity	**18,334,515**	**1,085,330**	**11,761,468**	**5,886,325**	**25,294,988**
	(13,516,926)	(-)	(6,525,977)	(1,708,388)	(18,334,515)
Provision for compensated absences	**25,868,476**	**4,864,413**	**4,952,704**	**3,327,028**	**32,358,565**
	(26,202,344)	(-)	(2,981,226)	(3,315,094)	(25,868,476)
Provision for onerous leases	-	-	70,161,438	-	70,161,438
[Refer note 30]	(-)	(-)	(-)	(-)	(-)

	As at December 31, 2008	As at March 31, 2008
18 Miscellaneous Expenditure		
Deferred interest on 11 per cent debentures	-	984,000
Less: Amortised during the period / year [Refer Note 23]	-	(984,000)
	-	-
Deferred upfront/processing fee for loans	2,002,783	20,825,483
Deferred upfront/processing fee for loans on merger of CISIPL	289,161	-
Add : Upfront/processing fee incurred during the period / year	36,891,077	21,396,816
Less: Amortised during the period / year [Refer Note 23]	(10,246,950)	(39,252,911)
	28,936,071	2,969,388
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2]	-	(966,605)
	28,936,071	2,002,783
	28,936,071	2,002,783

	For the period April 1, 2008 to December 31, 2008	For the year April 1, 2007 to March 31, 2008
19 Revenues		
Service Revenue		
- Time and material contracts	1,160,383,123	1,459,285,477
- Fixed price contracts	98,378,149	232,487,461
- Annual maintenance contracts	58,431,131	74,123,774
- Commission	-	15,584,903
Product Revenue		
- Licence Sale	22,376,449	867,762
Revenues from Information Technology enabled Software services	795,993,072	-
	2,135,561,924	1,782,349,377

		For the period April 1, 2008 to December 31, 2008	For the year April 1, 2007 to March 31, 2008
20	**Other income**		
	Interest income on bank deposits	1,027,273	2,853,494
	(Gross of Tax deducted at source of Rs 230,462 [March 31, 2008-- Rs 648,495]		
	Facilities and maintenance income	25,520,917	-
	Income from sub-lease of premises	9,845,361	-
	Provision for long term investment written back	100,000	-
	[net of loss on sale of investment of Rs 8.5 million] [March 31, 2008 -- Rs Nil]		
	Miscellaneous income	-	47,606
	Amounts written back	-	21,088,701
		36,493,551	23,989,801
21	**Employee costs**		
	Salaries, allowances and bonus	669,652,336	499,977,823
	Contribution to provident fund	27,955,330	23,310,465
	Gratuity and leave encashment	16,714,173	9,507,203
	Employee stock compensation expense [Refer Note 33]	(742,964)	21,118,996
	Staff welfare	36,919,041	26,095,250
	Recruitment and relocation	13,159,256	19,554,474
		763,657,172	599,564,211
	Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2]	-	(17,402,129)
		763,657,172	582,162,082
22	**Other operating costs**		
	Project work expense		
	- Subsidiaries	531,827,161	698,586,428
	- Others	56,345,618	73,364,580
	Travel	107,675,433	90,903,333
	Rent and hire charges	98,772,038	59,344,788
	Communication	49,959,528	28,428,879
	Power and fuel	45,101,469	21,177,404
	Insurance	4,311,444	2,613,660
	Rates and taxes	2,821,435	738,670
	Repairs and maintenance		
	-- Computer equipment	9,479,335	7,103,777
	-- Others	30,066,702	9,793,296
	Legal and professional	65,660,602	21,902,313
	Printing and stationery	5,000,812	3,118,672
	Business promotion	22,056,265	2,368,517
	Exchange loss /(gain), net	(64,300,914)	116,623,644
	Directors' Sitting Fees	312,058	289,348
	(Profit) /loss on sale of fixed assets	24,716	(1,234,917)
	Provision for bad and doubtful debts (net) (Refer Note 12(i))	54,346,888	(181,054,505)
	Provision for advances	1,237,100	-
	Miscellaneous	10,737,951	8,474,401
		1,031,435,641	962,542,288
23	**Finance cost**		
	Interest on 11 per cent debentures	-	1,128,994
	Interest on 5.22 per cent Convertible Bonds	-	40,117,430
	Amortization of deferred interest on 11 per cent debentures [Refer Note 18]	-	984,000
	Amortization of loan arrangement and processing fees [Refer Note 18]	10,246,950	39,252,911
	Interest on loans	60,751,326	80,995,019
	Bank charges	2,962,447	1,763,679
		73,960,723	164,242,033
	Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2]	-	(20,842,878)
		73,960,723	143,399,155

24 Related Party Disclosures

Sl. No.	Name of the related party	Relationship	Nature of transaction	April 1, 2008 to December 31, 2008	Receivable / (payable) As at December 31, 2008	April 1, 2007 to March 31, 2008	Receivable / (payable) As at March 31, 2008
(i)	Cambridge Integrated Services India Private Limited (Refer Note 2)	Subsidiary company	Reimbursement for use of office facilities and other office services such as maintenance, communication expenses, etc. (net balance)	-	-	(822,395)	-
			Unsecured loan given / Payments for reimbursements	-	-	111,875,000	-
			Payments received against loan and advances	-	-	(64,100,000)	-
			Revenue from software development and related services	-	-	19,425,174	-
			Loans and advances	-	-	-	76,367,174
			Guarantees taken by the related party	-	-	-	81,367,397
(ii)	Atindia Management Services Private Limited	Company in which a Director of the Company is interested (till January 13, 2006)	Write off of loans and advances pursuant to Cambridge-India Merger Scheme	-	-	(4,639,993)	-
(iii)	Scandent USA	Subsidiary company	Project work expenses	-	-	(46,571,795)	-
			Revenue from software development and related services	-	-	60,896,053	-
(iv)	Cambridge UK	Subsidiary company	Expenses paid on behalf of the related party	380,623	-	337,535	-
			Revenue from software development and related services	276,562,736	-	352,861,480	-
			Project work expenses	(168,879,943)	-	(137,805,956)	-
			Expenses paid on behalf of the Company by the related party	(32,859,765)	-	-	-
			Investment made	-	-	143,185,000	-
			Debtors	-	326,936,616	-	258,420,718
			Provision for doubtful debts	-	(22,441,277)	-	(167,736)
			Expenses receivable	-	2,437,492	-	2,412,642
			Loans and advances	-	54,849,992	-	61,639,711
			Advance received	-	(153,718)	-	-

24 Related Party Disclosures *(Contd.)*

Sl. No.	Name of the related party	Relationship	Nature of transaction	April 1, 2008 to December 31, 2008	Receivable / (payable) As at December 31, 2008	April 1, 2007 to March 31, 2008	Receivable / (payable) As at March 31, 2008
			Expenses payable	-	(288,720,367)	-	(155,897,615)
			Guarantees taken by the related party	-	7,001,030	-	7,993,000
			Guarantees given by the related party	-	193,800,000	-	280,287,550
(v)	Cambridge Singapore	Subsidiary company	Expenses paid on behalf of the related party	4,438,626	-	5,808,737	-
			Expenses paid on behalf of the Company by the related party	(4,460,885)	-	(2,303,783)	-
			Revenue from software development and related services	38,795,388	-	26,862,366	-
			Project work expenses	(30,882,294)	-	(14,085,501)	-
			Advance Received	-	(35,971,666)	-	(34,691,404)
			Loans and advances	-	323,882	-	271,836
			Expenses payable	-	(63,613,907)	-	(21,221,646)
			Guarantees given by the related party	-	193,800,000	-	159,880,000
(vi)	CISGI, USA	Subsidiary company	Revenue from software development and related services	175,801,473	-	59,729,471	-
			Expenses paid on behalf of the related party	15,406,292	-	22,109,767	-
			Expenses paid on behalf of the Company by the related party	(17,235,775)	-	-	-
			Advances to vendors	44,325,399	-	-	-
			Debtors	-	172,086,987	-	11,047,708
			Loans and advances	-	9,302,157	-	-
			Expenses receivable	-	40,826,470	-	22,126,090
			Expenses payable	-	(3,877,877)	-	-
			Guarantees taken by the related party	-	1,660,866,000	-	1,370,171,600
(vii)	Scandent Germany	Subsidiary company	Expenses payable	-	-	-	(34,485,499)
(viii)	Scandent USA (formerly Albion)	Subsidiary company	Project work expenses	(332,036,300)	-	(488,119,579)	-
			Revenue from software development and related services	606,169,124	-	824,898,591	-
	[refer Note 11 (ii)]		Expenses paid on behalf of the Company by the related party	(2,327,117)	-	-	-

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24 Related Party Disclosures *(Contd.)*

Sl. No.	Name of the related party	Relationship	Nature of transaction	April 1, 2008 to December 31, 2008	Receivable / (payable) As at December 31, 2008	April 1, 2007 to March 31, 2008	Receivable / (payable) As at March 31, 2008
			Expenses paid on behalf of the related party	3,715,528	-	2,699,767	-
			Unsecured loan given	79,217,775	-	587,367,000	-
			Debtors	-	222,546,625	-	45,114,275
			Provision for doubtful debts	-	(24,281,698)	-	(4,551,986)
			Expenses payable	-	(370,132,430)	-	(198,609,836)
			Expenses receivable	-	29,696,543	-	18,716,066
			Loans and advances	-	1,878,661,204	-	1,611,522,187
			Provision for doubtful advances	-	(742,138,591)	-	(741,375,287)
			Advance Received	-	(21,902,300)		-
			Guarantees given by the related party	-	193,800,000	-	159,880,000
			Guarantees taken by the related party	-	-	-	399,700,000
(ix)	IM Bermuda	Subsidiary company	Expenses paid on behalf of the related party	251,802	-	405,285	-
			Expenses payable	-	(1,366,726)	-	(42,887)
			Expenses receivable	-	800,095	-	445,583
			Debtors	-	3,033,135	-	-
(x)	IM Singapore	Step-down Subsidiary	Debtors	-	-	-	599,851
		(Subsidiary of IM Bermuda)	Provision for doubtful debts	-	-	25,640,633	-
			Expenses payable	-	-	-	(1,103,471)
(xi)	IM Europe	Step-down Subsidiary	Debtors	-	-	-	2,633,688
		(Subsidiary of IM Bermuda)	Provision for doubtful debts	-	-	4,525,418	-
			Expenses receivable	-	-	-	6,572

24 Related Party Disclosures *(Contd.)*

Sl. No.	Name of the related party	Relationship	Nature of transaction	April 1, 2008 to December 31, 2008	Receivable / (payable) As at December 31, 2008	April 1, 2007 to March 31, 2008	Receivable / (payable) As at March 31, 2008
(xii)	Seabulk Software India Private Limited	Company in which a Director of the Company is interested (till January 13, 2006)	Write off of loans and advances pursuant to Cambridge-India Merger Scheme	-	-	(33,716,063)	-
(xiii)	Satyen Patel [refer note (iii)]	Director	Guarantees given by the related party	-	-	-	280,287,550
(xiv)	Scandent Holdings Mauritius Ltd [refer note (iii)]	Holding company	Expenses paid on behalf of the related party	1,665,253	-	1,801,600	-
			Expenses Receivable	-	1,665,253	-	-
			Guarantees given by the related party	-	949,557,816	-	583,635,556
(xv)	Ecomm Solutions Corp [refer note (i)]	Step-down Subsidiary (Subsidiary of Scandent USA (formerly Albion))	Debtors	-	-	-	2,801,098
(xvi)	Nexplicit Infotech India Pvt Limited	Step-down Subsidiary (Subsidiary of Scandent US (formerly Albion))	Expenses paid on behalf of the related party	1,917,442	-	3,965,445	-
			Project work expenses	(9,165,579)	-	(12,003,597)	-
			Expenses paid on behalf of the company by the related party	(8,571,585)	-	-	-
			Loans and advances	-	12,106,036	-	8,643,684
(xvii)	Cambridge Solutions Pty Ltd, Australia	Step-down Subsidiary (Subsidiary of Cambridge Singapore)	Expenses paid on behalf of the related party	774,967	-	1,086,561	-
			Expenses receivable	-	1,853,191	-	1,139,803

24 Related Party Disclosures *(Contd.)*

Sl. No.	Name of the related party	Relationship	Nature of transaction	April 1, 2008 to December 31, 2008	Receivable / (payable) As at December 31, 2008	April 1, 2007 to March 31, 2008	Receivable / (payable) As at March 31, 2008
(xviii)	Cambridge Integrated Services Australia Pty Ltd	Step-down Subsidiary (Subsidiary ofCambridge Australia)	Guarantees taken by the related party	-	98,195,987	-	118,490,736
(xix)	Cambridge Australia	Subsidiary Company	Expenses paid on behalf of the related party	459,440	-	10,962,762	-
			Advances to vendors	73,765,953	-	-	-
			Loans and advances	-	8,582,703	-	10,962,762
			Guarantees taken by the related party	-	49,725,495	-	53,084,780
(xx)	Processmind Holdings Mauritius Limited	Step-down Subsidiary	Purchase of shares of CISIPL	-	-	198,950,000	-
	[refer Note.10 (vi)]	(Subsidiary of CISGI)	Other payables	-	-	-	(161,878,500)

Note

(i) During the period, Ecomm Solutions Corp has merged with Scandent USA (formerly Albion).

(ii) During the period, the Company has recorded compensation cost of Rs Nil (March 31, 2008 -- Rs Nil) in respect of options granted to the employees of its subsidiaries and as at December 31, 2008, the deferred compensation cost is Rs Nil (March 31, 2008 -- Rs Nil). Further, the Company has incurred Rs Nil (March 31, 2008 - Rs 17 million) towards the Cambridge Equity Plan (refer Note 6 (iv)). The Company has not charged these costs to its subsidiaries.

(iii) During the period, SHML entered into a SPA, along with AON and Katra, to sell its stake to XML. Further, on January 12, 2009, Satyen Patel (Executive Vice-Chairman) resigned, pursuant to the terms of the SPA with XML. (Refer note 1)

25 Provision for tax

The Company operates five units, two each in Chennai and Bangalore and one in Mumbai. The Bangalore units are registered with the Software Technology Parks of India, Bangalore and are eligible to claim tax holidays for ten years [up-to the financial year 2009-10] under section 10A of the Indian Income-tax Act, 1961 ('the Act'). In Chennai, the Company has two units, one step up during 2002 which is not eligible to claim benefit under section 10A of the Act and the second facility transferred to the Company as a result of demerger of IT division of SSI Limited ('SSIIT'). During the period, the Company has commenced operation in Shimoga which is registered with STPI as an extension of the existing Bangalore facility.

The current tax charge reflects the tax liability determined under section 115JB of the Income-tax Act, 1961. The Company has reversed deferred tax asset amounting to Rs 7 million and also not created deferred tax asset on brought forward losses as per its accounting policies.

26 Earnings per share

	As at December 31, 2008	As at March 31, 2008
Weighted average number of equity shares in calculating basic Earnings per share ('EPS') - (A)	111,356,011	108,628,471
Weighted average number of potential equity shares under option during the period / year - (B)	4,888	67,999
Weighted average number of equity shares in calculating diluted EPS - (A+B)	111,360,899	108,696,470

27 Capital Commitments

	As at December 31, 2008	As at March 31, 2008
Estimated amount of contracts remaining to be executed on capital account, net of advances	17,956,061	-

28 Contingent liabilities and commitments

i. The Company has export obligations under the Software Technology Park (STP) scheme. In accordance with such scheme, the Company procures capital goods without payment of duties, for which, agreements and bonds are executed by the Company in favour of the Government. In case the Company does not fulfill the export obligation, it shall be liable to pay, on demand an amount equal to such duties saved including interest and liquidated damages. As at December 31, 2008, the Company has availed duty benefits amounting to Rs 62 million (March 31, 2008 -- Rs 26.19 million). The Company expects to meet its commitment to earn the requisite revenue in foreign currency as stipulated by the STP regulations.

ii. As at December 31, 2008, Cambridge Australia, Scandent USA (formerly Albion) and Cambridge UK, the subsidiary companies of Cambridge have negative net assets amounting to Rs 565 million (March 31, 2008 -- Rs 505 million), Rs 1,532 million (March 31, 2008 -- Rs 856 million) and Rs 32 million (March 31, 2008 -- Rs 29 million), respectively. Whilst the respective subsidiaries are confident of generating funds from their operations for the year ending December 31, 2009, the Company has committed to fund the shortfall, if any. Further, on account of uncertainty of renewal of one of the key contracts of Cambridge Australia, the Company has committed to provide financial support to enable Cambridge Australia to continue on a going concern basis.

iii. On March 31, 2006, the Company received an assessment order for the Assessment year 2003-04 which included transfer pricing adjustment for arm's length price of Rs 126 million. The Company has filed an appeal with the Commissioner of Income tax (Appeals) and is confident of succeeding in reversal of such adjustment and does not expect any liability on this account.

iv. During the year ended March 31, 2007, the Company received an assessment order for the Assessment year 2004-05 which included transfer pricing adjustment for arms' length price of Rs 95 million. Consequently, an amount of Rs 6 million has been demanded as tax payable by the Company. As at the period end, the Company has paid Rs 3 million (March 31, 2008 – Rs 3 million) [Includes Rs 1 million paid during the previous year] of taxes and has made an application for stay of demand for the balance amount and penalty proceedings. Also, the Company has filed an appeal with the Commissioner of Income tax (Appeals) and is confident of succeeding in reversal of such adjustment.

v. During the period ended December 31, 2008, the Company received tax demand for the assessment year ended March 31, 2006 amounting to Rs 119 million, (including interest on account of transfer pricing adjustments amounting to Rs 233 million). Subsequent to the balance sheet date, the Company has paid Rs 15 million against which the income tax authorities have accepted the application for stay of demand for the balance amount and penalty proceedings. Further, the Company has filed appeal against aforementioned demand. The Company believes that the final outcome of the above dispute should be in favour of the Company and there should not be any material impact on the financial statements.

vi. During the year ended March 31, 2007, the Company had entered into a Bank Guarantee facility with Yes Bank for Rs 320 million plus variations on account of exchange rate fluctuations, for the purpose of issuance of standby letter of credit ('SBLC') by Yes Bank in favour of a correspondent bank in India for extending credit facilities to its subsidiaries. As at December 31, 2008, the Company has utilized Rs 355 million (March 31, 2008 – Rs 343 million) of the facility towards SBLCs issued to secure facility extended to CISGI, USA and Cambridge Australia by a correspondent bank. In the event of default by the subsidiaries, the Company will need to indemnify Yes Bank to the extent of the facility availed.

vii. The Company has given corporate guarantee for Rs 1,461 million (March 31, 2008 -- Rs 1,688 million) in respect of loans taken by its subsidiaries from banks.

29 As at December 31, 2008, the Company has a net receivables (after eliminating payable) from Scandent USA (formerly Albion) and Cambridge UK, its wholly owned subsidiaries, of Rs 973 million (net of payable of Rs 392 million) (March 31, 2008 – Rs 731 million) and Rs 72 million (net of payable of Rs 289 million) (March 31, 2008 – Rs 166 million), respectively. The Company based on the future funding plans believes that these dues will be recovered in due course. [Also refer note 10(ii) and (iii)].

30 Onerous lease contracts

During the period, the Company has lost certain business due to the economic environment and management has also adopted a new strategic plan for future utilisation of its vacant leased premises as at December 31, 2008. Pursuant to such plan, the management has recorded a provision of Rs 70 million towards onerous lease contracts.

31 Segment reporting

The primary reporting of the Company has been performed on the basis of business segments. Until March 31, 2008, the Company's operations were identified as one business segment. Hence, no primary segment information was deemed necessary. Pursuant to Cambridge-India Merger Scheme (refer note 2), the Company is organized into two business segments, Business Process Outsourcing ('BPO') and Information Technology ('IT') segments. Segments have been identified and reported based on the activity of the customer, the risks and returns, the organization structure and the internal financial reporting systems.

Secondary segmental reporting is performed on the basis of the geographical location of customers. The management views the North Americas, Europe and Rest of the world as distinct geographical segments.

Corporate activities such as treasury and taxation, which do not qualify as operating segments under Accounting Standard 17 notified under The Companies (Accounting Standards) Rules, 2006 issued by the Institute of Chartered Accountants of India, have been considered as unallocated items.

Segment reporting

Particulars	IT	BPO	Unallocated	Eliminations	Total
	April 2008 to December 2008	April 2008 to December 2008	April 2008 to December 2008	April 2008 to December 2008	April 2008 to December 2008
Revenue					
External sales	1,339,568,852	795,993,072	-	-	2,135,561,924
Inter-segment transfers	8,781,009	-	-	(8,781,009)	-
Total revenues	**1,348,349,861**	**795,993,072**	**-**	**(8,781,009)**	**2,135,561,924**
Other income					
Facilities and maintenance income	-	25,520,917	-	-	25,520,917
Income from sub-lease of premises	-	9,845,361	-	-	9,845,361
Interest and other income	-	-	1,127,273	-	1,127,273
Total other income	**-**	**35,366,278**	**1,127,273**	**-**	**36,493,551**
Total Income	1,348,349,861	831,359,350	1,127,273	(8,781,009)	2,172,055,475
Costs					
Segment costs	(1,397,486,173)	(574,179,208)	-	-	(1,971,665,381)
Inter-segment transfers	-	(8,781,009)	-	8,781,009	-
Total costs	**(1,397,486,173)**	**(582,960,217)**	**-**	**8,781,009**	**(1,971,665,381)**
Segment result	(49,136,312)	248,399,133	-	-	200,390,094
Finance costs	-	-	(73,960,723)	-	(73,960,723)
Tax expense	-	-	(9,682,730)	-	(9,682,730)
Net profit	**-**	**-**	**-**	**-**	**116,746,641**
Other information					
Segment assets	2,240,488,606	585,339,870	-	-	2,825,828,476
Inter segment assets	-	7,872,995	-	(7,872,995)	-
Unallocated Assets	-	-	2,158,649,932	-	2,158,649,932
Total assets	**2,240,488,606**	**593,212,865**	**2,158,649,932**	**(7,872,995)**	**4,984,478,408**
Segment liabilities	1,163,020,282	283,962,001	-	-	1,446,982,283
Inter segment liabilities	7,872,995	-	-	(7,872,995)	-
Unallocated Liabilities	-	-	1,039,857,934	-	1,039,857,934
Total liabilities	**1,170,893,277**	**283,962,001**	**1,039,857,934**	**(7,872,995)**	**2,486,840,217**
Capital expenditure	30,793,695	71,656,951	-	-	102,450,645
Depreciation	21,832,496	62,069,608	-	-	83,902,104
Amortisation	10,571,899	11,937,127	-	-	22,509,026
Provision for onerous leases	70,161,438	-	-	-	70,161,438
Provision for doubtful debts	52,284,197	2,062,691	-	-	54,346,888

Following table details the distribution of the Company's revenues by geographical markets. All the other assets and liabilities of the Company are situated in India.

Geographic location		April 1, 2008 to December 31, 2008	April 1, 2007 to March 31, 2008
Revenues:			
	North America	1,269,820,293	1,164,189,926
	Europe	704,114,937	448,670,541
	Rest of the World	161,626,694	169,488,910
	Total	**2,135,561,924**	**1,782,349,377**

Fixed assets used by the Company's business or liabilities contracted have not been identified to any reportable geographical segments as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosures relating to total segment assets are made.

32 Leases

i. Operating leases

In case of assets taken on lease:

The Company has operating leases for its Office premises, guest houses and certain equipments. The lease arrangements for premises and guest houses have been entered up to a maximum of six years from the respective dates of inception. Some of these lease arrangements have price escalation clauses.

Rent and hire charges for such operating leases recognized in the Profit and loss account for the period ended December 31, 2008 amounts to Rs 98,772,038 (March 31, 2008 -- Rs 59,344,788).

Future minimum lease payments under operating lease are as under:

	December 31, 2008	March 31, 2008
Payable not later than one year	100,989,057	50,031,960
Payable later than one year and not later than five years	116,158,841	127,838,502
Payable later than 5 years	1,284,525	-
Total	**218,432,423**	**177,870,462**

In case of assets given on lease

The Company has sub-leased out premises on operating lease. The lease is non-cancellable for tenure of 4 years and entails an escalation of lease rent on a periodical basis. Rent income for such operating leases recognized in the Profit and loss Account for the period ended December 31, 2008 is Rs 9,845,361 (March 31, 2008 -- Rs. Nil).

	December 31, 2008	March 31, 2008
Future minimum lease payment		
Not later than one year	18,756,831	-
Later than one year and not later than five years	22,883,014	-
	41,639,845	**-**

ii. Finance leases

In case of assets taken on lease:

The Company has entered into an arrangement for lease of a vehicle. The lease arrangement is for a period of 5 years. Under the terms of the lease, the Company is required to pay a monthly installment over the lease term.

The amount payable on account of these finance leases are as follows:

	December 31, 2008	March 31, 2008
Total minimum lease payments	2,047,656	-
Less: Interest	378,379	-
Present value of minimum lease payments	1,669,277	-

Future minimum lease payments under finance lease are as under:

	December 31, 2008		March 31, 2008	
	Minimum Lease payments	Present value of minimum lease payments	Minimum Lease payments	Present value of minimum lease payments
Payable not later than one year	630,048	442,490	-	-
Payable later than one year and not later than five years	1,417,608	1,226,787	-	-
Total	**2,047,656**	**1,669,277**	**-**	**-**

33 Employee Stock Option Plan

(i) During the year ended March 31, 2004, the Board of Directors approved the Employee Stock Option Plan ('ESOP Plan 2004') for the grant of stock options to the employees of the Company and employees of its subsidiary companies. A compensation committee has been constituted to administer the plan and to determine the exercise price.

During the year 2003-04, the Compensation Committee had granted 477,268 options under the ESOP Plan 2004 to be exercised at a grant price of Rs 10. Further, during the year ended March 31, 2007 additional 15,017 shares were granted under the above scheme.

The options will vest with the employees in the following manner

- 75% of the options after twelve months from the grant date; and
- the remaining options after twenty-four months from the grant date.

The fair value of the equity shares has been determined by the management on the date of the grant for ESOP Plan 2004 based on a valuation by an independent appraiser. As per the terms of the ESOP Plan 2004, the exercise price equals the face value of the equity shares of Cambridge, and accordingly the difference between the fair value and the exercise price has been recorded as compensation cost. During the period no options have been exercised (March 31, 2008 -- 12,017) and nil options were forfeited (March 31, 2008 – 3,762). No options have been granted under the plan in the current period.

The employee stock compensation expense for the period December 31, 2008 is Rs 4,94,836 (March 31, 2008 – Rs 515,781)

Following table details the movement of options for the plan mentioned above (i.e., ESOP Plan 2004)

Particulars	December 31, 2008	March 31, 2008
Options outstanding at the beginning of the period/ year	45	15,824
Options granted during the period /year	-	-
Options forfeited during the period/year	-	3,762
Options exercised during the period/year	-	12,017
Options expired during the period/year	-	-
Options outstanding at the end of the period/year	45	45
Options exercisable at the end of the period/year	45	45

Following are the details of exercise price and the options for ESOP Plan 2004 :

ESOP Plan 2004	Exercise price		Number of options outstanding		Weighted average remaining life of options (in Years)		Weighted average exercise price	
	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008
ESOP Plan 2004	10	10	45	45	0.25	1.00	10	10

The estimated weighted average fair value of options granted during the year is Rs Nil per share (March 31, 2008 – Rs Nil)

(ii) Pursuant to the SSIIT Merger Scheme, the Company needs to issue and allot to every holder of options under Employees Stock Option Scheme 1999, Employees Stock Option Scheme 2000 and Employees Equity Option Plan 2001, being an employee of SSIIT, one option for one equity share of Cambridge against every option for one equity share of SSI held by him on the record date, aggregating to options for not more than 87,617 equity shares, except that the holder of an option to receive Global Depository Shares ('GDS') of SSI shall be entitled to one option for one equity share of Cambridge for every option for 10 GDSs of SSI held by him.

Accordingly, on November 10, 2004, the Board of Directors of Cambridge have approved SSIIT Services – Employees Stock Option Plan, 2004 ('ESOP II Plan 2004') for grant of options to the holder of options in SSI as on July 2, 2004, the Appointed Date. The Company has granted 70,892 options under the ESOP II Plan 2004 on November 10, 2004 to be exercised at a price of Rs 128.24, which approximates to the fair value of the options. The validity period of the Scheme shall be for a period of 84 months from the date of vesting. Based on the confirmation received from SSI, as at September 30, 2004, the options have been fully vested under the original stock option schemes. During the period, 2,700 options have been forfeited (March 31, 2008 – 39,734) and no shares have been exercised (March 31, 2008 -- Nil).

Considering that the exercise price equals the fair value [i.e., the market value] of the equity shares of Cambridge, no compensation cost has been recorded by the Company.

Following table details the movement of options for the plan mentioned above (i.e., ESOP II Plan 2004)

Particulars	December 31, 2008	March 31, 2008
Options outstanding at the beginning of the period/ year	3,900	43,634
Options granted during the period/year	-	-
Options forfeited during the period/year	2,700	39,734
Options exercised during the period/year	-	-
Options expired during the period/year	-	-
Options outstanding at the end of the period/year	1,200	3,900
Options exercisable at the end of the period/year	1,200	3,900

Weighted average remaining life of the options outstanding and exercisable as at December 31, 2008 is 2.92 years.

(iii) During the year ended March 31, 2006, the Board of Directors approved the Employee Stock Option Plan ('ESOP Plan 2005') for the grant of stock options to the employees of the Company and the employees of its subsidiary companies. A compensation committee has been constituted to administer the plan and to determine the exercise price.

Under the ESOP Plan 2005, on May 27, 2005, 179,263 options have been issued under Program I at a grant price of Rs 10 and 384,473 options under Program II at grant price of Rs 172. During the year ended March 31, 2007 additional 5,737 shares were granted under Program I and 68,000 shares were granted under program II, under the above scheme.

The vesting period for Program I shall be one year from the date of grant and in a staggered manner for Program II, spread over two years as follows:-

- 40% of the options one year from the date of grant
- 60% of the options two years from the date of grant

The difference between the market value and the exercise price under Program I is considered as deferred compensation cost and amortised over the vesting period. During the year, the Company has recorded employee stock compensation expense of Rs Nil (March 31, 2008 -- Rs Nil). The exercise price for the options granted under program II are at the intrinsic value of the equity shares of Cambridge as at the date of grant, and accordingly, no compensation cost has been recorded by the Company.

During the period no options were exercised (March 31, 2008 – 15,803) and nil options were forfeited (March 31, 2008 – 49,000).

Following table details the movement of options for the two plans mentioned above (i.e ESOP I Plan 2005 and ESOP II Plan 2005)

Particulars	December 31, 2008		March 31, 2008	
	No. of shares	Weighted average exercise price (Rs)	No. of shares	Weighted average exercise price (Rs)
Options outstanding at the beginning of the period/year	103,500	125.51	168,303	128.28
Options granted during the period / year	-	-	-	-
Options forfeited during the period / year	-	-	49,000	172
Options exercised during the period / year	-	-	15,803	10
Options expired during the period / year	-	-	-	-
Options outstanding at the end of the period / year	103,500	125.51	103,500	125.51
Options exercisable at the end of the period / year	103,500	125.51	103,500	125.51
Weighted average remaining contractual life (in Years)	0.70	-	1.45	-
Weighted average fair value of options	-	74.13	-	74.13

The estimated weighted average fair value of options granted during the period is Rs Nil per share (March 31, 2008 -- Rs Nil).

Following are the details of exercise price and the options for ESOP Plan 2005:

ESOP Plan 2005	Exercise price		Number of options outstanding		Weighted average remaining life of options (in Years)		Weighted average exercise price	
	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008
Program I	10	10	5,000	5,000	0.42	1.17	10	10
Program II	113.15 – 172	113.15 - 172	98,500	98,500	0.72	1.47	131	131

(iv) During the year ended March 31, 2007, the Board of Directors approved the Employee Stock Option Plan (‘ESOP Plan 2006’) for the grant of stock options to the employees of the Company and the employees of its subsidiary companies. A compensation committee has been constituted to administer the plan and to determine the exercise price.

Under the ESOP Plan 2006, during the year ended March 31, 2007, 60,000 options have been issued under Program I at a grant price of Rs 10 and 2,057,946 options under Program II at a grant price equivalent to the market value of the shares on the date of grant. Further, during the previous year additional 1,870,000 shares were granted under Program II, under the above scheme. The vesting period for Program I shall be one year from the date of grant and in a staggered manner for Program II, spread over three years as follows:-

- 33.33% of the options one year from the date of grant
- 33.33% of the options two years from the date of grant
- 33.34% of the options three years from the date of grant

The difference between the intrinsic value and the exercise price under Program I is considered as deferred compensation cost and amortised over the vesting period. The exercise price for the options granted under program II are at the intrinsic value of the equity shares of Cambridge as at the date of grant, and accordingly, no compensation cost has been recorded by the Company.

During the period, 24,000 options were exercised (March 31, 2008—24,000) and 1,211,000 options were forfeited / expired (March 31, 2008—1,247,000).

During the period, on account of expiry of options granted to employees, the Company recorded a reversal of Rs 1,237,800 within employee stock compensation expenses. During the year ended March 31, 2008, the Company had recorded employee stock compensation expense of Rs 2,916,460.

Following table details the movement of options for the two plans mentioned above (i.e ESOP I Plan 2006 and ESOP II Plan 2006)

Particulars	December 31, 2008		March 31, 2008	
	No. of Shares	Weighted average exercise price (Rs)	No. of Shares	Weighted average exercise price (Rs)
Options outstanding at the beginning of the period/year	2,716,946	96.05	2,117,946	117.22
Options granted during the period/year	-	-	1,870,000	87.01
Options forfeited during the period/year	1,199,000	104.43	1,247,000	120.34
Options exercised during the period/year	24,000	10	24,000	10
Options expired during the period/year	12,000	-	-	-
Options outstanding at the end of the period/year	1,481,946	91.36	2,716,946	96.05
Options exercisable at the end of the period/year	4,95,298	-	-	-
Weighted average remaining contractual life (in Years)	3.06	-	3.61	-
Weighted average fair value of options granted	-	47.12	-	51.05

The estimated weighted average fair value of options granted during the period is Rs Nil per share (March 31, 2008 – Rs 40.77). This was calculated by applying the Black-Scholes option pricing model with the following inputs:

Particulars	March 31, 2008
Average risk-free interest rate	7.26%-7.76%
Expected volatility of share price	52.77%
Expected life of options granted (in years)	4-5
Expected dividend yield	Nil

Expected volatility has been determined using the history of trading price of the shares of the Company on the NSE and BSE from March 10, 2005 to the date of the grant of the options.

Following are the details of exercise price and the options for ESOP Plan 2006:

ESOP Plan 2006	Exercise price		Number of options outstanding		Weighted average remaining life of options (in Years)		Weighted average exercise price	
	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008
Program I	-	10	-	36,000	-	2.5	-	10
Program II	56.90 – 140.35	56.90 – 140.35	1,481,946	2,680,946	3.06	3.62	91.36	97.2

The Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements on the reported net profit and earnings per share would be as follows:

Particulars	December 31, 2008	March 31, 2008
Net Income as reported	116,746,641	43,174,950
Net Income available for equity shareholders	116,746,641	43,174,950
Add: Stock based employee compensation expenses included in reported income	(742,964)	3,716,867
Less: Stock based employee compensation expenses determined under Fair value based method net of tax effects	31,350,467	38,436,252
Revised profit	84,653,210	8,455,565
Earnings Per Share		
Basic	0.76	0.08
Diluted	0.76	0.08

34 Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and amounts recognized in the balance sheet for the respective plans.

Net employee benefit expense (recognized in employee cost):

Particulars	December 31, 2008	March 31, 2008
Current service cost	6,204,824	4,100,075
Interest cost on benefit obligation	1,612,014	1,013,304
Expected return on plan assets	(254,986)	N.A.
Net actuarial (gain) / loss recognized in the period/year	4,199,616	1,412,598
Past service cost	-	-
Net benefit expense	11,761,468	6,525,977

Details of Provision for gratuity (Balance Sheet)

Particulars	December 31, 2008	March 31, 2008
Defined benefit obligation	(30,714,487)	(18,334,515)
Fair value of plan assets	5,419,499	NA
	(25,294,988)	(18,334,515)
Plan asset / (liability)	(25,294,988)	(18,334,515)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	December 31, 2008	March 31, 2008
Opening defined benefit obligation	18,334,515	13,516,926
Net liabilities assumed on merger	3,992,748	-
Interest cost	1,612,014	1,013,304
Current service cost	6,204,824	4,100,075
Benefits paid	(3,330,349)	(1,708,388)
Actuarial (gains) / losses on obligation	3,900,735	1,412,598
Closing defined benefit obligation	30,714,487	18,334,515

The principal assumptions used in determining gratuity are shown below:

Particulars	(%)	
	December 31, 2008	March 31, 2008
Expected rate of return on plan assets	5.75	-
Discount rate	5.75 to 6	8
Increase in compensation cost	10	10
Employee turnover	20	20

The estimates of future salary increases, considered in actuarial valuation, taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected rate of return on plan assets is based on the long term yield on government bonds.

Changes in the fair value of plan assets are as follows:

Particulars	December 31, 2008	March 31, 2008
Opening fair value of plan assets	-	-
Planned assets assumed on merger	2,907,418	-
Expected return	254,986	-
Contributions by employer	3,582,260	-
Benefits paid	(1,026,284)	-
Actuarial gains / (losses)	(298,881)	-
Closing fair value of plan assets	5,419,499	-

The Company expects to contribute Rs 2,300,229 (March 2008 – Rs 3,635,647) to gratuity during January to December 2009.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	December 31, 2008 (%)	March 31, 2008 (%)
Investments with Insurer	100	100

Amounts for the current and previous three periods are as follow:

Particulars	December 2008	March 2008	March 2007	March 2006
Defined benefit obligation	30,714,487	18,334,515	13,516,927	12,109,834
Plan assets	5,419,499	-	-	-
Surplus / (deficit)	(25,294,988)	(18,334,515)	(13,516,927)	(12,109,834)
Experience adjustments on plan liabilities	3,900,735	1,412,598	-	-
Experience adjustments on plan assets	298,881	-	-	-

35 Derivative Instruments and Un-hedged Foreign Currency Exposure

Particulars of Derivatives	Purpose
Forward contract outstanding as at Balance Sheet date	
Sell	
US $ 2,800,000	Hedge of expected future sales. Derivative instruments of US $ 400,000 maturing every month until August 2009.
GBP 1,500,000	Hedge of expected future sales Derivative instruments of GBP 300,000 maturing every month until May 2009.

36 Details of utilisation of proceeds raised through preferential issues

During the year ended March 31, 2006, the Company had made preferential allotment of 1,025,227 equity shares of Rs.10 each at a premium of Rs 210 per share and preferential allotment of Rs 1,336.50 million 5.22 per cent Convertible Bonds to Indopark Holdings Limited, a wholly owned subsidiary of Merrill Lynch & Co.

Details of utilization of proceeds raised through these preferential issues are as follows:

Particulars	December 31, 2008	March 31, 2008
Repayment of loans and debentures	-	20,610,844
Bank Balance	244,093	244,093
Total	**244,093**	**20,854,937**

37 Foreign Currency Exposure

As at December 31, 2008, the Company has foreign currency exposure to the extent of the following (figures in brackets are in respect of previous year):

Particulars	USD	GBP	Euro	CAD	SGD	AUD
Assets:						
Sundry debtors	13,783,224	4,900,593	239,370	192,272	-	-
	(6,038,726)	(3,280,535)	(99,438)	(-)	(20,728)	(-)
Cash and Bank	551,759	3,919	-	170	-	-
	(997,790)	(70,000)	(11,849)	(-)	(-)	(-)
Loans and advances	41,419,366	844,883	14,625	31,992	9,393	11,182
	(22,821,468)	(805,469)	(-)	(-)	(9,393)	(330,134)
Liabilities:						
Secured Loan	6,301,467	-	-	-	-	-
	(7,940,110)	(-)	(-)	(-)	(-)	(-)
Current liabilities	8,888,160	4,451,950	-	563	2,903,000	-
	(11,621,939)	(2,294,706)	(544,253)	(-)	(1,979,577)	(-)

The Company has not hedged the foreign currency exposure relating aforementioned asset and liability balances as at March 31, 2008 and December 31, 2008.

The Company has investment in foreign subsidiaries (net of provision) amounting to Rs 2,030 million (March 31, 2008 -- Rs 2,030 million).

38 Additional information pursuant to the provisions of paragraphs 3, 4, 4B, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

	Particulars	December 31, 2008	March 31, 2008
(i)	Payment to Auditors (included in Legal and professional)		
	As auditor		
	Statutory audit fee	8,640,000	6,370,000
	Tax audit fee	-	330,000
	Limited review of quarterly financial results	2,600,000	3,300,000
	Out of pocket expenses	907,500	1,145,500
	As advisor		
	Other services	8,450,000	-
	Out of pocket expenses	474,375	-
		21,071,875	**11,145,500**

(ii) Managerial remuneration

The Company does not pay remuneration to Executive Chairman, Executive Vice Chairman or Whole Time Directors but they draw salary from foreign subsidiaries.

Further, the Company has granted stock options to whole time director under the Employee Stock Option Plans of the Company and has recorded compensation cost in respect of these options. Based on the legal opinion, for the purposes of determining remuneration limits as per Schedule XIII to the Companies Act 1956, Company does not consider the compensation cost recorded forming part of Managerial remuneration.

	Particulars	December 31, 2008	March 31, 2008
(iii)	Earnings in foreign currency (Accrual Basis)		
	Service Revenue		
	- Time and material contracts	1,157,719,474	1,445,886,438
	- Fixed Price Contracts	94,649,484	223,007,862
	- Annual Maintenance Contracts	44,511,182	55,900,455
	Product Revenue		
	- License Sale	2,376,449	867,680
	Revenue from Information Technology enabled Services	782,794,471	-
		2,082,051,060	**1,725,662,435**

(iv)	Expenditure in foreign currency (Accrual Basis)		
	Project work expenses	531,667,335	703,597,598
	Traveling	48,604,087	40,814,410
	Interest	9,287,114	18,468,248
	Communication	21,520,768	5,598,198
	Others	21,555,721	1,129,799
		632,635,025	**769,608,253**
(v)	Value of imports calculated on CIF basis		
	Capital goods	**40,569,802**	**7,526,203**

(vi) The Company is engaged in the business of development and maintenance of computer software and rendering of ITeS services. The production and sale of such software and the rendering of such services are not capable of being expressed in any generic unit. Hence, it is not possible to furnish quantitative details of such services and all other information required under paragraph 3, 4C and 4D of Part II of the Schedule VI to the Companies Act, 1956.

39 Prior year comparatives

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current period's presentation. The current year figures are for a period of 9 months and pursuant to the Cambridge-India Merger Scheme, CISIPL has been merged with effect from April 1, 2008, the appointed date, and hence are not strictly comparable with the previous year.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Gurgaon, India
Date : March 27, 2009

For and on behalf of the Board of Directors of
Cambridge Solutions Limited

David Andrews
Executive Chairman &
Chief Executive Officer

Richard Houghton
Executive Vice Chairman

Nipun Bhatia
Chief Financial Officer

V Viswanathan
Company Secretary

Place : London, UK
Date : March 27, 2009

CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2008

CAMBRIDGE SOLUTIONS LIMITED

(All amounts in Indian Rupees)

	For the period April 1, 2008 to December 31, 2008	For the year April 1, 2007 to March 31, 2008
A. Cash flow from operating activities		
Net profit before taxation	**126,429,371**	**81,882,876**
Adjustments for:		
Depreciation	83,902,104	27,328,929
Amortisation	22,509,026	9,023,848
Amortisation of miscellaneous expenditure (included in finance costs)	10,246,950	19,394,033
(Profit) / loss on sale of fixed assets	24,716	(1,234,917)
Foreign exchange (gain)/loss (net) - unrealised	58,084,181	34,527,808
Interest income	(1,027,273)	(2,853,494)
Write back of liability	-	(21,088,701)
Provision for onerous leases	70,161,438	-
Provision for bad and doubtful debts	54,346,888	(181,054,505)
Provision for doubtful advances	1,237,100	-
Sale of long term investments	(100,000)	-
Deferred employee compensation cost	(742,964)	3,716,867
Interest expense	60,751,326	122,241,443
Operating profit before working capital changes	**485,822,863**	**91,884,187**
Movements in working capital :		
Decrease / (increase) in sundry debtors and other current assets	(413,860,520)	1,032,694,972
Decrease / (increase) loans and advances	(322,883,338)	(35,220,121)
Increase / (decrease) in current liabilities and provisions	210,137,548	243,354,677
Net cash from operating activities	**(40,783,447)**	**1,332,713,715**
Direct taxes paid (net of refunds)	(18,864,157)	(7,114,620)
Net cash (used in) / from operating activities (A)	**(59,647,604)**	**1,325,599,095**
B. Cash flows from investing activities		
Purchase of fixed assets and intangible assets	(73,872,449)	(35,027,826)
Proceeds from sale of fixed assets	5,494,453	6,447,745
Investments in fixed deposits with maturity >3 months	(78,847)	-
Proceeds from maturity of fixed deposits with maturity > 3 months	2,508,550	18,087,237
Purchase of investments	-	(180,256,500)
Sale of Investments	100,000	-
Loans to subsidiaries	-	(575,568,000)
Interest received	1,027,273	2,400,476
Net cash (used in) investing activities (B)	**(64,821,020)**	**(763,916,868)**
C. Cash flows from financing activities		
Proceeds from issue of share capital	240,000	518,200
Share issuance expense	-	(1,336,500)
Loan arrangement and processing fees	(36,891,077)	(23,641,916)

Cash Flow Statement for the period ended December 31, 2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

(All amounts in Indian Rupees)

	For the period April 1, 2008 to December 31, 2008	For the year April 1, 2007 to March 31, 2008
(Repayment) / proceeds from cash/export credit facilities -(net)	(70,632,941)	(3,600,001)
Proceeds from term loans	570,000,000	340,000,000
Repayment of term loans and finance lease obligation	(320,385,025)	(708,382,433)
Interest paid	(61,873,346)	(119,163,274)
Net cash from / (used in) financing activities (C)	**80,457,611**	**(515,605,924)**
Net (decrease) / increase in cash and cash equivalents (A + B + C)	**(44,011,013)**	**46,076,303**
Cash and cash equivalents at the beginning of the period / year	51,797,642	3,021,980
Cash and cash equivalents pursuant to Cambridge-Integrated Merger Scheme	32,888,034	2,699,359
Cash and cash equivalents at the end of the period / year	**40,674,663**	**51,797,642**
Components of cash and cash equivalents:		
Cash on hand	82,356	166,131
Balances with scheduled banks	64,671,940	75,233,505
Balances with other banks	4,883	104,290
	64,759,179	75,503,926
Less: Fixed deposits with maturity > 3 months	(24,084,516)	(23,706,284)
	40,674,663	**51,797,642**
Supplementary information :		
Fixed assets acquired on loan / under finance lease obligation	13,695,824	9,642,958

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Gurgaon, India
Date : March 27, 2009

For and on behalf of the Board of Directors of
Cambridge Solutions Limited

David Andrews
Executive Chairman &
Chief Executive Officer

Richard Houghton
Executive Vice Chairman

Nipun Bhatia
Chief Financial Officer

V Viswanathan
Company Secretary

Place : London, UK
Date : March 27, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

I.	**Registration Details**	**State code 08**
	Registration No L72200KA2002PLC030072	
	Balance Sheet Date	**December 31, 2008**
II	**Capital raised during the year (Amount in Rs thousands)**	
	Public Issue	-----
	Rights Issue	-----
	Bonus Issue	-----
	Private Placement	-----
III.	**Position of Mobilization and Deployment of Funds**	
	(Amounts in thousands)	
	Total Liabilities	
	Total Assets	
	Source of Funds	
	Paid up Capital	1,113,654
	Reserves and Surplus	1,383,984
	Secured Loans	968,279
	Unsecured Loans	-
	Deferred Tax Liabilities	-
	Application of Funds	
	Net Fixed Assets	305,898
	Investments	2,029,703
	Deferred Tax Assets	-
	Net Current Assets	1,101,380
	Miscellaneous Expenditure	28,936
	Accumulated Losses	-
IV.	**Performance of the Company during the year**	
	(Amount in Rs thousands)	
	Turnover (including other Incomes)	2,172,055
	Total Expenditure	2,045,626
	Profit/ (Loss) before Tax	126,429
	Profit / (Loss) after Tax	116,747
	Earning per share in Rs.	1.05
	Dividend %	-
V	**Generic Names of three Principle Products / Services**	
	of the Company (as per monetary terms)	The Company is engaged in providing business processing
	Item code No. (ITC Code No)	services and software development support services.
	Product Description	Item codes have not been defined for these services.

For and on behalf of the Board of Directors of
Cambridge Solutions Limited

David Andrews **Executive Chairman &** **Chief Executive Officer**	**Richard Houghton** **Executive Vice Chairman**
Nipun Bhatia **Chief Financial Officer**	**V Viswanathan** **Company Secretary**

Place : London, UK
Date : March 27, 2009

STATEMENT PURSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT, 1956

Relating to the Subsidiary Companies for the period ended December 31, 2008

1 Name of the Subsidiary Company	Scandent Group Inc, USA	Nexplicit Infotech, India Pvt Ltd	Indigo Markets Ltd, Bermuda	Scandent Group GmBh, Germany	Cambridge Solutions Europe Ltd, UK	Cambridge Solutions Pte Ltd., Singapore	Indigo Markets Singapore Pte Ltd, Singapore	Scandent Group Sdn, BHD, Malaysia	BWH SARL, France
2 Financial Year of the subsidiary company	31st December 2008	31st December 2008	31st December 2008	31st December 2008	31st December 2008	31st December 2008	31st December 2008	31st December 2008	31st December 2008
3 No. of shares held in Subsidiary Company as on above date	8,073,267	10,000	12,000	25,565	2,664,278	2,300,000	2	250,000	500
4 % of holding (Equity)	100%	100%	100%	100%	100%	100%	100%	100%	100%
5 The net aggregate of Profit / (Losses) of the subsidiary companies so far as they concern the members of the company	-	-	-	-	-	-	-	-	-
a. Dealt with in the Account of the company for the year ended December 31, 2008	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Not Dealt with in the Account of the company for the year ended December 31, 2008	USD (1,516,826)	INR 3,073,096	USD (859,053)	EURO (12,071)	GBP 494,584	SGD 960,927	SGD (20,797)	RM 789,796	EURO 37,116
6 The net aggregate of Profit / (Losses) of the subsidiary companies for the previous financial years since it became a subsidiary company so far as they concern the members of the company	-	-	-	-	-	-	-	-	-
a. Dealt with in the Account of the company for the year ended December 31, 2008	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Not Dealt with in the Account of the company for the year ended March 31, 2008	USD (58,509,640)	INR 4,093,479	USD 1,378,823	EURO (477,354)	GBP (1,934,072)	SGD 1,335,073	SGD (711,897)	RM 519,029	EURO (369,801)

Statement Pursuant to Section 212 (1) (e) of the Companies Act, 1956

Relating to the Subsidiary Companies for the period ended December 31, 2008

1 Name of the Subsidiary Company	Cambridge Solutions Pty Ltd, Australia	Cambridge Galaher Settlements & Insurance Services	Cambridge Intergreted Services Group Inc.	ProcessMind Holdings Mauritius Limited	Cambridge Integreted Services Victoria Pty Ltd	Cambridge Integreted Services Australia Pty Ltd
2 Financial Year of the subsidiary company	31st December 2008	31st December 2008	31st December 2008	31st December 2008	31st December 2008	31st December 2008
3 No. of shares held in Subsidiary Company as on above date	10,000	1,000	1,000	1	5	-
4 % of holding (Equity)	100%	100%	100%	100%	100%	100%
5 The net aggregate of Profit / (Losses) of the subsidiary companies so far as they concern the menbers of the company	-	-	-	-	-	-
a. Dealt with in the Account of the company for the year ended December 31, 2008	Nil	Nil	Nil	Nil	Nil	Nil
b. Not Dealt with in the Account of the company for the nine month ended December 31, 2008	AUD 11,285	Nil	USD (31,122,297)	USD (13,126)	AUD 136600	AUD 1,257,479
6 The net aggregate of Profit / (Losses) of the subsidiary companies for the previous financial years since it became a subsidiary company so far as they concern the members of the company	-	-	-	-	-	-
a. Dealt with in the Account of the company for the nine month ended December 31, 2008	Nil	Nil	Nil	Nil	Nil	Nil
b. Not Dealt with in the Account of the company for the nine month ended December 31, 2008	AUD 820	Nil	USD 7,255,763	USD 3,447,038	AUD 10,640,433	AUD 4,180,027

Note :

1. Ecomm Solutions Corp, USA has been merged with Scandent Group Inc. USA w.e.f April 1, 2008, hence not reported above
2. Cambridge Integrated Services India Pvt. Limited has been merged with CSL w.e.f April 1 2008, hence not reported above.
3. ProcessMind Services Inc., USA has been merged with Scandent Group Inc. USA w.e.f April 1, 2008, hence not reported above.

Statement Pursuant to Section 212 (8) of the Companies Act, 1956

Relating to the Subsidiary Companies for the period ended December 31, 2008

(All Amounts in INR Crores)

Sr No	Name of the Subsidiary Company	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	Country
1	Scandent Group Inc., USA	48.45	48.11	(219.70)	90.31	261.89	-	89.58	(7.18)	0.16	(7.35)	-	U.S.A
2	Scandent Group GmbH, Germany	68.22	0.14	(3.30)	0.43	3.59	-	-	(0.08)	-	(0.08)	-	GERMANY
3	Cambridge Solutions Europe Limited (Formerly Scandent Network Europe Limited., UK)	70.01	18.65	(10.08)	53.66	45.09	-	16.03	3.46	-	3.46	-	U.K.
4	Cambridge Solutions Pte Limited, Singapore (Formerly Scandent Group Pte Limited., Singapore)	34.48	7.93	8.35	28.98	12.69	-	44.06	4.35	1.04	3.31	-	SINGAPORE
5	Scandent Group Sdn, BHD, Malaysia	14.30	0.36	1.85	2.35	0.14	-	2.31	1.13	-	1.13	-	MALAYSIA
6	Indigo Markets Limited, Bermuda	48.45	0.06	2.52	3.14	0.56	-	-	(2.98)	-	(2.98)	-	U.S.A
7	Indigo Markets (Singapore) Pte Limited	34.48	0.00	(2.53)	-	2.53	-	-	(0.47)	-	(0.47)	-	SINGAPORE
8	BWH SARL, France	68.22	2.04	(1.84)	11.42	11.23	-	24.15	0.24	-	0.24	-	FRANCE
9	Cambridge Integrated Services Australia Pty Limited	34.34	0.00	18.67	49.63	30.95	-	54.17	4.32	-	4.32	-	AUSTRALIA
10	Cambridge Galaher Settlements & Insurance Services	48.45	0.00	-	0.00	-	-	-	-	-	-	-	U.S.A
11	Cambridge Integrated Services Victoria Pty Limited	34.34	0.00	37.01	85.55	48.54	-	67.66	3.23	2.76	0.47	-	AUSTRALIA
12	Cambridge Integrated Services Group Inc.	48.45	87.21	(115.63)	517.06	545.48	-	468.08	(150.34)	0.45	(150.79)	-	U.S.A
13	ProcessMind Holdings Mauritius Limited	48.45	0.00	33.55	33.82	0.27	-	(0.00)	(0.06)	-	(0.06)	-	U.S.A
14	Nexplicit Infotech India Private Limited	1.00	0.01	0.81	2.70	1.88	-	3.32	0.33	0.02	0.31	-	INDIA
15	Cambridge Solutions Pty Ltd, Australia	34.34	0.03	0.04	0.61	0.53	-	0.97	0.04	-	0.04	-	AUSTRALIA

Note 1 : Ecomm Solutions Corp, USA has been merged with Scandent Group Inc. USA w.e.f April 1, 2008, hence not reported above.

Note 2 : Cambridge Integrated Services India Pvt. Limited has been merged with CSL w.e.f April 1 2008, hence not reported above.

Note 3 : ProcessMind Services Inc., USA has been merged with Scandent Group Inc. USA w.e.f April 1, 2008, hence not reported above.

AUDITORS' REPORT

To

The Board of Directors of Cambridge Solutions Limited

1. We have audited the attached consolidated balance sheet of Cambridge Solutions Limited ("the Company") and its subsidiaries (collectively called "Group"), as at December 31, 2008, and also the consolidated profit and loss account and the consolidated cash flow statement for the nine month period ended on that date annexed thereto. These financial statements are the responsibility of the Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the 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. (i) We did not audit the financial statements of certain subsidiaries, included herein with total assets, as at December 31, 2008 of Rs. 910 million and revenue loss cash flow for the period then ended of Rs. 1,675 million, Rs. 212 million and Rs. 50 million, respectively, audited by other auditors, whose reports we have relied upon.

   (ii) In addition to (i) above, we did not audit the financial statements of certain subsidiaries, included herein with total assets, as at December 31, 2008 of Rs. 565 million and revenue, net profit, cash flow for the period then ended of Rs. 1310 million, Rs. 56 million and Rs. 107 million, respectively, audited by Ernst & Young Australia, whose reports we have relied upon.

4. We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit on consideration of reports 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 state of affairs of the Group as at December 31, 2008 ;

   (b) in the case of the consolidated profit and loss account, of the loss for the nine month period ended on that date ; and

   (c) in the case of the consolidated cash flow statement, of the cash flows for the period ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No.: 93283

Place : Gurgaon, India
Date : March 27, 2009

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

CAMBRIDGE SOLUTIONS LIMITED

(All amounts in Indian Rupees)

	Notes	As at December 31, 2008	As at March 31, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	5	1,113,653,830	1,113,413,830
Reserves and surplus	6	1,075,476,840	1,902,091,367
		2,189,130,670	3,015,505,197
Loan Funds			
Secured loans	7	2,566,203,460	2,343,800,184
Unsecured loans	8	268,359,945	261,194,062
		2,834,563,405	2,604,994,246
Deferred Tax Liability (net)	12	8,126,932	76,980,484
TOTAL		**5,031,821,007**	**5,697,479,927**
APPLICATION OF FUNDS			
Fixed Assets	9		
Gross block (at cost)		1,960,723,626	1,603,473,268
Less: Accumulated depreciation		1,377,585,994	1,065,938,695
Net block		583,137,632	537,534,573
Capital work-in-progress [including capital advances Rs 10,100,396 (March 31, 2008-- Rs. 6,468,402)]		10,328,724	27,589,365
		593,466,356	565,123,938
Intangible Assets	10		
Gross block (at cost)		7,289,637,597	6,449,355,058
Less: Accumulated amortisation		2,608,140,152	2,081,553,245
Net block		4,681,497,445	4,367,801,813
Capital work-in-progress		95,627,550	226,982,483
		4,777,124,995	4,594,784,296
Investments	11	109,080,633	95,827,500
Deferred Tax Asset (net)	12	-	66,897,287
Current Assets, Loans and Advances			
Inventories	13	-	2,311,810
Sundry debtors	14	1,060,767,014	1,447,193,257
Cash and bank balances	15	311,021,039	335,142,800
Other current assets	16	738,312,070	1,024,380,967
Loans and advances	17	543,428,717	488,873,270
		2,653,528,840	3,297,902,104
Less: Current Liabilities and Provisions			
Current liabilities	18	3,002,455,864	2,444,270,689
Provisions	19	1,290,874,670	554,245,919
		4,293,330,534	2,998,516,608
Net Current Assets/(Liabilities)		(1,639,801,694)	299,385,496
Miscellaneous Expenditure (to the extent not written off or adjusted)	20	83,629,785	75,461,410
Profit and Loss account		1,108,320,932	-
TOTAL		**5,031,821,007**	**5,697,479,927**

The accompanying notes 1-39 form an integral part of the Consolidated Balance Sheet.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Gurgaon, India
Date : March 27, 2009

For and on behalf of the Board of Directors of Cambridge Solutions Limited

David Andrews
Executive Chairman & Chief Executive Officer

Richard Houghton
Executive Vice Chairman

Nipun Bhatia
Chief Financial Officer

V Viswanathan
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED DECEMBER 31, 2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

CAMBRIDGE SOLUTIONS LIMITED

(All amounts in Indian Rupees)

	Notes	For the period April 1, 2008 to December 31, 2008	For the year April 1, 2007 to March 31, 2008
INCOME			
Revenues	21	8,688,175,025	12,363,085,934
Other income	22	110,687,108	312,423,799
		8,798,862,133	**12,675,509,733**
EXPENDITURE			
Employee costs	23	5,603,277,170	7,416,894,084
Other operating costs	24	3,269,183,574	4,314,427,161
Provision for onerous leases	27	569,804,085	-
		9,442,264,829	**11,731,321,245**
PROFIT BEFORE DEPRECIATION, AMORTISATION, FINANCE COST AND TAXES		**(643,402,696)**	**944,188,488**
Depreciation	9	325,969,973	206,028,905
Amortisation	10	144,179,162	170,627,325
Finance costs	25	270,028,681	406,234,067
PROFIT/ (LOSS) FOR THE PERIOD/ YEAR BEFORE TAX		**(1,383,580,512)**	**161,298,191**
Provision for current tax (net, of reversal of provision Rs 14,057,046 [March 31, 2008-- Nil] for earlier years)	29	101,008,410	22,814,967
Less: MAT credit entitlement (March 31, 2008 -- Rs 8,100,000)		-	(8,100,000)
		101,008,410	14,714,967
Deferred tax charge	12	19,714,512	210,036,853
Fringe benefit tax		16,172,237	24,486,406
Total tax expense		**136,895,159**	**249,238,226**
PROFIT/ (LOSS) FOR THE PERIOD / YEAR AFTER TAX		**(1,520,475,671)**	**(87,940,035)**
Net profit, at the beginning of the period/year		412,154,739	500,094,774
NET PROFIT/ (LOSS) AVAILABLE FOR APPROPRIATION		**(1,108,320,932)**	412,154,739
NET PROFIT/ (LOSS), CARRIED FORWARD TO BALANCE SHEET		**(1,108,320,932)**	**412,154,739**
Weighted average number of equity shares used in computing earnings per share	32		
Basic		111,356,011	108,628,471
Diluted		111,356,011	108,628,471
Earnings / (loss) per share [Equity shares, par value of Rs 10 each (March 31, 2008 -- Rs 10]			
Basic		(13.65)	(0.81)
Diluted		(13.65)	(0.81)

The accompanying notes 1-39 form an integral part of the Consolidated Profit and Loss Account.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Gurgaon, India
Date : March 27, 2009

For and on behalf of the Board of Directors of Cambridge Solutions Limited

David Andrews
Executive Chairman & Chief Executive Officer

Richard Houghton
Executive Vice Chairman

Nipun Bhatia
Chief Financial Officer

V Viswanathan
Company Secretary

CAMBRIDGE SOLUTIONS LIMITED

1. Background

Incorporation and History

Cambridge Solutions Limited, ('Cambridge' or 'the Company'), was incorporated on February 1, 2002 by Scandent Group Limited, Mauritius ('Scandent Mauritius') and is a part of the Scandent Group. Scandent Group is promoted by individual investors and venture capital investors and is engaged in rendering software development and related services and Information Technology Enabled Services ('ITeS'). Cambridge and its subsidiaries have operations principally in India, United States of America ('USA'), United Kingdom ('UK'), Australia, Germany, France, Singapore, Malaysia and Japan.

On December 29, 2003, Cambridge entered into a definitive agreement with SSI Limited ('SSI') for merger of the Information Technology division of SSI ('SSIIT') into Cambridge. As a part of the arrangement and pursuant to the Group's strategy to consolidate its operations in India; Erstwhile Scandent Group Inc., USA ('Scandent USA'), Cambridge Network Europe Limited ('Cambridge UK'), Cambridge Solutions Pte Limited, Singapore ('Cambridge Singapore'), Scandent Group GmbH, Germany ('Scandent Germany') and Crescent Infosystems Private Limited ('Crescent'), were transferred as subsidiaries from Scandent Mauritius to the Company effective March 31, 2004.

Pursuant to the Scheme of arrangement for de-merger of Information Technology division of SSI Limited ('SSIIT') and its merger in the Company ('the SSIIT merger Scheme'), sanctioned by the Honourable High Court of Judicature at Karnataka and the Honourable High Court of Judicature at Madras, assets and liabilities of SSIIT were transferred and vested in the Company with effect from July 2, 2004.

The Company, on October 1, 2004 converted to a public limited company and changed its name from Scandent Network Private Limited to Scandent Solutions Corporation Limited.

Pursuant to a Scheme of Amalgamation ('the Cambridge Merger Scheme') sanctioned by the Honourable High Court of Judicature at Karnataka on March 13, 2006, Cambridge Services Holdings LLC ('Cambridge LLC') merged with the Company. Cambridge LLC, a Delaware Corporation, was a Scandent Group company holding investments in Cambridge Integrated Services Group Inc. ('CISGI') and Cambridge Integrated Services Victoria Pty Limited ('Cambridge Australia') which were acquired by Cambridge LLC on November 30, 2004 from Aon Corporation, USA. These entities are engaged in providing Business Application outsourcing services. Under the Cambridge Merger Scheme, with effect from April 1, 2005, the assets and liabilities of Cambridge LLC vested with the Company in consideration of 69,960,000 equity shares of the Company issued at par and 4,797,507 equity shares issued at par to certain key employees and Affiliates ('Award holders') of Cambridge LLC. Subsequently, on June 19, 2006, the Company has changed its name to Cambridge Solutions Limited.

Cambridge, together with its subsidiaries hereinafter is collectively referred to as 'the Group'.

During the period, the principal shareholders [Scandent Holding Mauritius Limited ('SHML'), AON Minet Pension Scheme ('AON') and Katra Finance Limited ('Katra')] of the Company entered into share purchase agreements (the "SPAs") to sell up to 75% of the fully diluted share capital of the Company to Xchanging (Mauritius) Limited ("XML"), a wholly-owned subsidiary of Xchanging plc ("Xplc"), a listed company incorporated under the laws of England and Wales. The consideration payable to the sellers under the SPAs shall be satisfied partly by the payment of cash and partly by the issue of shares in Xplc. In compliance with Indian law and as a consequence of entering into the SPAs, XML was required to make an open offer to acquire up to 20% of the fully diluted share capital of the Company (the "Open Offer"). The total proportion of the shares in the Company to be acquired by XML under the SPAs and the Open Offer is 75% of the fully diluted share capital, with the proportion of the shares to be acquired under the SPAs being scaled back to reflect the number of shares actually acquired by XML under the Open Offer. The acquisition of shares under the SPAs is expected to complete on April 2, 2009. However, pursuant to the terms of the SPAs, XML assumed certain rights in relation to the Company in advance of the acquisition completion date. A number of these rights were assumed from January 1, 2009 and therefore it is from this date that the power of operational control is considered to have passed to XML.

Further, the management has a restructuring plan in CISGI including consolidation of its leased premises, termination of employees, taking new leased premises and hiring new employees. The plan is yet to be implemented and pending such information the possible financial statement impact of such restructuring has not been determined and accounted for in the consolidated financial statements for the period ended December 31, 2008.

2. Merger of Cambridge Integrated Services India Private Limited and Matrix One India Limited

Pursuant to a Scheme of Amalgamation ('the Cambridge-India Merger Scheme', ('CIMS')) sanctioned by the Honourable High court of Judicature at Karnataka on March 20, 2008, Cambridge Integrated Services India Private Limited ('CISIPL') and Matrix One India Limited ('Matrixone') merged with the Company with effect from April 1, 2008 and April 1, 2007 respectively. The Scheme was given effect to in the financial statements as at March 31, 2008. CISIPL and Matrixone, the wholly owned subsidiaries of the Company, were engaged in the business of rendering computer software services and purchase and sale of software licenses and ITeS and related services.

Under the Cambridge-India Merger Scheme, with effect from April 1, 2007 and April 1, 2008, the assets and liabilities of Matrixone and CISIPL respectively, vest with the Company and difference between the carrying value of investments and the value of net assets acquired under the Cambridge-India Merger Scheme has been adjusted to Profit and loss account of the Company on the respective appointed dates. The merger of Matrixone and CISIPL with the company does not have any impact to the Profit and loss account of the Group.

2.1 Pursuant to the terms of the Scheme:

2.1.1 The Securities premium account as at April 1, 2007 amounting to Rs 587 million was reduced to Rs 542 million after adjusting deferred upfront/processing fee for loans amounting to Rs 21 million and deferred interest on 11 per cent debentures amounting to Rs 1 million and deferred employee stock compensation expense amounting to Rs 24 million.

2.1.2 The Securities premium account as at October 1, 2007 amounting to Rs 1,815 million was reduced to Rs 783 million after adjusting the carrying value of investment in the shares of CISGI amounting to Rs 1,032 million. Consequently, the carrying value of investments as at March 31, 2008 was reduced from Rs 1,284 million to Rs 252 million. As per terms of CIMS, the carrying value of acquired goodwill of CISGI has been reduced from Rs 497 million to Rs Nil and carrying value of goodwill arising on consolidation has been reduced from Rs 1,932 million to Rs 1,397 million.

2.1.3

i) The Company, as at March 31, 2008, revalued its investment in Cambridge Australia, Indigo Markets Limited, Bermuda ('IM Bermuda') and Scandent Germany from Rs 241 million to Rs 878 million, Rs 110 million to Rs Nil and Rs 1 million to Rs Nil respectively, basis the respective fair values and recorded the difference between the fair valuation and carrying value of investments, amounting to Rs 527 million as General reserve. As per the terms of Scheme, the carrying value of the goodwill arising on consolidation has been increased from Rs 1,397 million (after adjustment for carrying as per note 2.1.2) to Rs 1,924 million.

ii) General reserve on revaluation of investments, as above, was utilised to write-off certain loans and advances to related parties amounting to Rs 38 million.

2.1.4 Expenses of Rs 8 million [March 31, 2008 -- Rs 10 million] incurred in executing the Cambridge-India Merger Scheme have been adjusted against the General reserve. Such adjustment with General reserves is not as per the Generally Accepted Accounting Principles. Had the adjustments pursuant to the Cambridge India Merger Scheme not been given effect to, the General reserves as at December 31, 2008 would have been higher by Rs 8 million and the profits for the period ended December 31, 2008 would have been lower by Rs 8 million.

3. Shareholding pattern

i As at March 31, 2008, SHML held 61.35 per cent of equity of the Company. The percentage of holding of SHML dropped to 50.09 per cent as at December 31, 2008, post transfer of 12,527,225 equity shares by SHML to Katra on November 14, 2008.

ii The following table details the number of shares and the percentage of shareholding of the Company.

Name of the Shareholders	As at December 31, 2008	As at March 31, 2008
SHML	55,780,332 (50.09%)	68,307,557 (61.35%)
AON	17,490,000 (15.71%)	17,490,000 (15.71%)
Katra	12,527,225 (11.25%)	- -
Reliance Capital Trustee Company Limited	4,780,955 (4.29%)	4,755,955 (4.27%)
Others	20,786,871 (18.66)	20,787,871 (18.67%)
Total	**111,365,383 (100%)**	**111,341,383 (100%)**

4. Statement of Significant Accounting Policies

4.1 Basis of preparation

A. The consolidated financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 (CASR) and the relevant provisions of the Companies Act, 1956 ('the Act'). The consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year except as disclosed in the financial statements. Hitherto the Company followed March 31 as its end date for financial reporting purposes. The Company has changed the end date of its financial year from March 31 to December 31. Accordingly, the consolidated financial statements have been prepared for a period of nine months ended December 31, 2008.

As these consolidated financial statements are not statutory financial statements, they are presented in the general format specified in Schedule VI to the Act, and hence do not reflect all the disclosure requirements of the Act.

The consolidated financial statements of the Group have been prepared based on a line-by-line consolidation of the balance sheet, profit and loss account and cash flow statement of Cambridge and its subsidiary companies as at December 31, 2008. All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated. The excess of the cost to the Company of its investments in subsidiaries, over its proportionate share in equity of the investee company as at the date of acquisition is recognised in the consolidated financial statements as Goodwill and disclosed under Intangible assets. In case the cost of investment in subsidiary companies is less than the proportionate share in equity of the investee company as on the date of investment, the difference is treated as capital reserve and shown under Reserves and surplus.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements. Differences in accounting policies have been disclosed separately.

B. Following table indicates the date of acquisition / merger and the equity shareholding as at December 31, 2008 of the subsidiary companies:

Name of the Subsidiary	Date of acquisition	Share holding
Acquisitions during the year ended March 31, 2004		
Cambridge Solutions Europe Limited (formerly Scandent Network Europe Limited, UK) ('Cambridge UK')	March 31, 2004	100%
Cambridge Solutions Pte Limited (formerly Scandent Group Pte Limited, Singapore), Singapore ('Cambridge Singapore')	March 31, 2004	100%
Scandent Group Sdn Bhd, Malaysia (subsidiary of Cambridge Singapore)	March 31, 2004	100%
Scandent Group GmbH, Germany ('Scandent Germany')	March 31, 2004	100%
Acquisitions / Merger during the year ended March 31, 2005		
Scandent Group Inc. (formerly Albion Inc.), USA. ['Scandent USA (formerly Albion)'] [refer note i]	July 2, 2004	100%
Indigo Markets Limited, Bermuda ('IML')	July 2, 2004	100%
Indigo Markets Pte Limited, Singapore (Subsidiary of IML)	July 2, 2004	100%
Acquisitions / Merger during the year ended March 31, 2006		
Cambridge Integrated Services Group Inc., USA ('CISGI')	April 1, 2005	100%
Cambridge Galaher Settlements & Insurance Services., USA (Subsidiary of CISGI)	April 1, 2005	100%
Cambridge Integrated Services Victoria Pty Limited, Australia ('Cambridge Australia')	April 1, 2005	100%
BWH SARL, France (Subsidiary of Cambridge UK)	April 1, 2005	100%
ProcessMind Holding Mauritius Limited, Mauritius ('ProcessMind') (Subsidiary of CISGI)	May 10, 2005	100%
Acquisitions / Merger during the year ended March 31, 2007		
Nexplicit India Infotech Private Limited (subsidiary of Nexplicit) ('NIIPL')	July 1, 2006	100%

(i) Pursuant to the restructuring undertaken during the previous year, the Company acquired 100% shares in Erstwhile Scandent Group Inc. ('Erstwhile Scandent USA'). On April 25, 2007, Erstwhile Scandent USA has merged into Albion Inc., USA and subsequently, Albion Inc. has been renamed as Scandent Group Inc. (formerly Albion Inc.).

(ii) During the year ended March 31, 2007, Cambridge Australia has set up a wholly owned subsidiary Cambridge Integrated Services Australia Pty Limited.

(iii) During the previous year, Cambridge Singapore has set up a wholly owned subsidiary Cambridge Solutions Pty Limited, Australia.

(iv) During the previous year, Presidium Holdings, USA has merged into CISGI.

(v) During the period ended December 31, 2008, Process Mind Inc. and Ecomm Solutions Corp., both wholly owned subsidiaries have merged into Scandent USA (formerly Albion) and Indigo Markets Europe Limited, UK, a wholly owned subsidiary has been liquidated.

(vi) The Company has not made any investments in any associates / joint ventures.

4.2 Use of estimates

The preparation of 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 the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

4.3 Fixed assets and depreciation

(i) Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses. Cost comprises the purchase price and any directly attributable costs of bringing the assets to their working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they related to the period till such assets are ready to be put to use.

(ii) Based on the useful life estimated by the management, depreciation is provided under the straight line method at the rates mentioned below. For assets taken on lease, refer note 4.6 below.

	Years
Computers	3
Vehicles	2-5
Office equipment	5
Furniture and fixtures	5

The above rates are higher than the rates prescribed under Schedule XIV of the Companies Act, 1956.

(iii) Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower, on a straight-line basis. Assets individually costing less than or equal to Rs. 5,000 are fully depreciated in the year of acquisition.

(iv) In case of CISGI, constituting 53 percent of fixed assets (gross), depreciation is provided using the straight line method as per the following useful life of the assets estimated by the management:

	Years
Computers	2-4
Vehicles	3-5
Office equipment	3-5
Furniture and fixture	7-10

Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower, on a straight-line basis. Assets individually costing less than US $ 1,000 are fully depreciated in the year of acquisition.

4.4 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition. Intangible assets comprise of Goodwill arising on consolidation, (Refer Note 4.1), Goodwill arising on acquisition, computer software held for use in business, computer software license rights, license to use intellectual property and software development costs.

(i) Goodwill arising on consolidation is not amortised in accordance with Accounting Standard 21 on Consolidated Financial statements.

(ii) Goodwill arising on acquisition is the difference between the cost of an acquired business and the aggregate of the fair value of that entity's identifiable assets and liabilities and the same is amortised on a straight line basis over its economic life or the period defined in the scheme.

(iii) Costs incurred towards development of computer software meant for internal use, are capitalised subsequent to establishing technological feasibility. Computer software is amortised over an estimated useful life of two to six years. In case of CISGI, constituting 77 percent of intangible assets, Computer software is amortised on straight line basis over an estimated useful life of two to twelve years. A software is being amortised for a period of 12 years on the basis of a valuation report by an independent appraiser.

(iv) Software license rights purchased are amortised on straight line basis over an estimated useful life of four years.

(v) License to use intellectual rights are amortised on straight line basis over an estimated useful life of six years.

4.5 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

4.6 Leases

Where the Company is the lessee

(i) Finance Leases

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term on a straight-line basis.

(ii) Operating Leases

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

4.7 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

(i) Revenue from software development services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognised as related services are performed. Revenue from fixed price contracts is recognised as per proportionate-completion method.

Revenue from maintenance contracts are recognised rateably over the term of the maintenance contract on a straight-line basis.

Revenue for Information Technology enabled Services (ITeS) is recognized as services are rendered, on the basis of an agreed amount in accordance with the agreement entered into by the Company.

Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

'Unbilled revenue' included in other current assets represents costs and earnings in excess of billings as at the balance sheet date.

Revenue from sale of user licenses for software application is recognized on transfer of the title in the user license.

(ii) Revenue from claim services fees primarily comprise of claims processing or program administration fees and are earned proportionately in accordance with estimated claims closing rates or over the service period of the underlying service contract. Unbilled fees are recognized at their estimated collectible amounts at the time such services are rendered. Substantially all unbilled fees are billed within one year. For certain agreements, out-of pocket costs that are incurred in providing services are passed on by the Company to its clients and are included in revenues.

The Group recognizes revenue from incentives on the basis of estimates of amounts of incentives which are reasonably certain to be received. Revenue recognition from incentives is postponed to the extent of uncertainty involved until it is reasonably certain that the ultimate collection will be made.

(iii) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

4.8 Project work expenses and claims work expenses

Project work expenses and claims work expenses represents amounts charged by sub-contractors and cost of hardware and software incurred for execution of projects. These expenses are recognized on an accrual basis.

4.9 Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non – integral operations.

Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the period.

(v) Foreign subsidiaries

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements of the Company, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at monthly average exchange rates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification. During the period, pursuant to merger of Nexplicit US with Scandent Group Inc. USA (SG Inc.) and merger of CISIPL with the Company, the group re-evalued the classification of SG Inc. and considered SG Inc. as non-integral foreign operations with effect from July 1, 2008.

As at December 31, 2008, the management has considered all subsidiaries as non-integral foreign operations except for the following which have been considered as integral foreign operations:

i. Cambridge UK;
ii. Scandent Germany;
iii. Indigo Markets, Bermuda and its subsidiaries.

4.10 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in the value is made to recognise a decline other than temporary in the value of the investments.

4.11 Inventories

Inventories comprise licenses purchased by the Company for sale to a customer and are stated at the lower of cost and net realisable value. Cost of licenses is determined using the first-in-first-out method.

4.12 Retirement and other employee benefits

Retirement benefit in the form of Provident fund is a defined contribution scheme. In India, the Group contributes the employer’s share of the Provident Fund and the Employees’ Pension Scheme with the Regional Provident Fund Commissioner and charges all such amounts to the Profit and loss account on an accrual basis.

In respect of overseas Group companies, contributions made towards retirement / employee benefits which are defined contribution schemes, in accordance with the relevant applicable laws, are charged to the Profit and loss account.

Gratuity liability is a defined benefit obligation and is provided based on an actuarial valuation done as per projected unit credit method, performed as at the balance sheet date. Actuarial gains / losses are immediately taken to Profit and loss account and are not deferred.

Short term compensated balances are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

4.13 Income taxes

Tax expense comprises current, deferred and fringe benefit taxes. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with local tax laws applicable in the respective countries. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note on Accounting in respect of Minimum Alternative Tax issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

4.14 Earning / (loss) per share

Basic earnings / (loss) per share are calculated by dividing the net profit / (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during all the years, presented, is adjusted for capital reduction.

For the purpose of calculating diluted earning / (loss) per share, the net profit / (loss) for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

4.15 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provision for onerous contracts, where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, is recorded at lower of the cost of fulfilling the onerous contract and any compensation or penalties arising from failure to fulfil it.

Provisions are not discounted to its present value and are determined based on best 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 best estimates.

4.16 Segment reporting

Identification of segments:

The Group's operating businesses are organized and managed separately according to the nature of services rendered. The analysis of geographical segments is based on the geographical location of the Group's customer.

Inter segment Transfers:

The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The unallocated items include general corporate income and expense items which are not allocated to any business segment.

4.17 Miscellaneous expenditure

Miscellaneous expenditure comprises of cost of arranging long-term loans and guarantees. Cost of arranging long-term loans and guarantees are amortized, over the period of the loan, commencing from the date of the first draw-down of the related loan or guarantee, on weighted average basis.

4.18 Deferred employee stock compensation costs

Stock options granted to the employees under Employee Stock Option Plans are recognized in accordance with the accounting treatment prescribed by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Accordingly, the excess of market value of the stock options as on the date of grant over the exercise price of the options is recognized as deferred employee stock compensation expenses and is charged to the profit and loss account on graded vesting basis over the vesting period of the options. The fair value of the options is measured on the basis of an independent valuation performed or the market price in respect of stock options granted.

4.19 Deferred and unearned revenue

Deferred and unearned revenues represent the estimated unearned portion of fees derived from certain fixed-rate claim service agreements. Deferred revenues are recognized based on the estimated rate at which the services are provided. These rates are primarily based on a historical evaluation of actual claim closing rates. Unearned revenues for fixed fee contracts are recognized on a pro-rata basis over the terms of the underlying service contracts, which are generally one year.

4.20 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term investments with an original maturity of three months or less.

4.21 Derivative instruments

As per The Institute of Chartered Accountants of India ('ICAI') Announcement, accounting for derivative contracts, derivative contract other than those covered under AS - 11, 'The effects of changes in the foreign exchange rates', are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

5. Share capital

	As at December 31, 2008	As at March 31, 2008
Authorised capital		
125,000,000 (March 31, 2008 -- 125,000,000) Equity shares of Rs 10 each	1,250,000,000	1,250,000,000
Issued, subscribed and paid-up capital		
111,365,383 (March 31, 2008 -- 111,341,383) Equity shares of Rs 10 each fully paid up	1,113,653,830	1,113,413,830

(i) Of the above:

a) 74,757,507 (March 31, 2008: 74,757,507) equity shares have been allotted at par to the shareholders/award holders of Cambridge LLC, pursuant to Cambridge Merger Scheme.

b) 6,158,986 (March 31, 2008: 6,158,986) equity shares have been allotted pursuant to conversion of 5.22 per cent convertible bonds to Indopark Holdings Limited at a premium of Rs 207 per share and the corresponding premium of Rs 1,274 million has been transferred to Securities premium account. [Also refer note 3 and 6(iii)]

c) 1,025,227 (March 31, 2008: 1,025,227) equity shares have been allotted pursuant to a preferential allotment to Scandent Mauritius at a premium of Rs 210 per share.

d) 691,387 (March 31, 2008: 667,387) equity shares have been allotted pursuant to options being exercised by employees under the Employee Stock Option Plans of the Company. Of these, 10,119 equity shares of Rs 10 each have been allotted at a premium of Rs 118.75 per share and balance of 681,268 equity shares have been allotted at the face value of Rs 10 and the stock compensation adjustment of Rs 61 million (March 31, 2008: 59 million) have been transferred to Securities premium account.

(ii) 55,780,332 (March 31, 2008: 68,307,557) equity shares are held by Scandent Holdings Mauritius Limited ('SHML'), the Holding Company. (Also refer Note 3).

(iii) Pursuant to the SSIIT Merger Scheme, the share capital of the Company as at March 31, 2004 had been reduced from Rs 328 million to Rs 132 million and the capital reduction of Rs 196 million had been utilised to adjust the debit balance of equivalent amount in the Profit and Loss account of the Company as at March 31, 2004.

(iv) Particulars of employees stock options on unissued share capital have been specified in Note 34.

6. Reserves and surplus

	As at December 31, 2008	As at March 31, 2008
Capital reserve	36,116,669	36,116,669
Debenture Redemption Reserve [Refer Note (ii & iii) below]		
Balance, beginning of the period / year	-	90,000,000
Less: Transfer to General reserve on redemption of debentures	-	(90,000,000)
Balance, end of the period / year	-	-
Securities premium		
Balance, beginning of the year	813,080,340	587,133,675
Add: Share premium on Employee Stock Options exercised during the period / year [Refer Note 5(i)(d) and 6 (v)]	26,782,286	29,917,238
Add: Share premium on allotment of equity shares to Indopark Holdings Limited [Refer Note 5(i)(b)]	-	1,274,910,102
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2]	-	(1,077,544,175)
Less: Share issue expenses	-	(1,336,500)
Balance, end of the year	839,862,626	813,080,340

Stock compensation adjustment [Refer Note 34]		
Balance, beginning of the period / year (gross)	28,706,655	58,849,613
Less: Amount transferred to securities premium on exercise of options [Refer Note 5(i)(d) and 6(v)]	(26,782,286)	(29,917,238)
Less: Reversal on forfeiture/lapse of stock options granted	(1,237,800)	(225,720)
Balance, end of the period / year (gross)	686,569	28,706,655
Less: Deferred employee stock compensation expense [Refer Note (i) below]	-	(494,836)
Balance, end of the period / year (net)	686,569	28,211,819
General reserve [Refer Note 1 & 2]		
Balance, beginning of the year [including reserve arising pursuant to Cambridge-India Merger Scheme Rs 488,953,528]	569,285,820	-
Add: Transfer from Debenture redemption reserve	-	90,000,000
Less : Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2]	(8,100,000)	(9,667,708)
	561,185,820	80,332,292
Addition during the period / year, pursuant to revaluation of Investments [Refer Note 2]	-	527,309,584
Less : Transferred to Profit and loss account as per the	-	(38,356,056)
Cambridge-India Merger Scheme [Refer Note 2]	-	488,953,528
Balance, end of the period / year	561,185,820	569,285,820
Foreign currency translation reserve [Refer Note 4.9]	(362,374,844)	43,241,980
Profit and loss account	-	412,154,739
	1,075,476,840	**1,902,091,367**

	As at December 31, 2008	**As at March 31, 2008**
(i) Deferred employee stock compensation expense [Refer Note 34]		
Balance, beginning of the period / year	494,836	28,112,187
Less: Stock compensation expense amortised during the period / year	(494,836)	(21,118,996)
Less: Forfeiture of stock options granted	-	(225,720)
	-	6,767,471
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2]	-	(6,272,635)
Balance, end of the period / year	-	494,836

(ii) On August 1, 2002, the Company issued 1,500,000, 11 per cent Debentures pursuant to the agreement entered into for acquisition of rights to a contract to render software services for a specified term to a particular customer. The debentures were repayable at par at the end of five years from the date of issuance. Interest on the debentures was payable at annual rests. In April 2006, the Company redeemed debentures of Rs 60 million before its maturity and the excess of debenture redemption reserve over the balance of debentures of Rs 40 million was transferred to General reserve. Further, during the year ended March 31, 2008 the Company redeemed the entire debentures outstanding, amounting to Rs 90 million. Accordingly, upon redemption of debentures, balance in debenture redemption reserve was transferred to General reserve.

(iii) During the previous year, the Company redeemed convertible bonds of Rs 1,337 million issued to Indopark Holdings Limited, Mauritius, by issue of equity shares at a conversion price of Rs 217 per equity share (including a premium of Rs 207 per equity share).

(iv) Pursuant to Cambridge Merger Scheme, stock compensation adjustment of Rs 121 million towards awards granted by Cambridge LLC under the Cambridge Equity Plan has been transferred to the Company, to be amortised over the remaining vesting period. Accordingly during the period, the Company has recorded stock compensation expense of Rs Nil (March 31, 2008 -- Rs Nil), net of Rs Nil (March 31, 2008-- Rs. 17 million) adjusted pursuant to Cambridge-India Merger Scheme [Refer note 2].

(v) During the period, the employee stock compensation cost of Rs 24 million (March 31, 2008 -- Rs 24 million) pertaining to Restricted units of Cambridge LLC has been transferred to Securities premium account.

7. Secured loans	As at December 31, 2008	As at March 31, 2008
From Banks		
Cash/Export Credit Facilities	469,557,816	489,069,109
Term loan	1,933,499,935	1,817,211,457
	2,403,057,751	**2,306,280,566**
From Others		
Loans for purchase of fixed assets	17,682,383	15,032,752
Finance lease obligation	145,463,326	22,486,866
	163,145,709	**37,519,618**
	2,566,203,460	**2,343,800,184**

(i) On March 24, 2005, the Company entered into a Working Capital Dollar loan agreement with EXIM Bank. As per the terms of the agreement, EXIM Bank sanctioned US $ 4 million to meet the Company's working capital requirements at interest rate of LIBOR (6 months) plus 300 basis points. The facility was to be repaid by the Company in bullet repayment at the end of two years from the date of draw down. During the previous year, the Company renewed the facility for a further period of two years at an interest rate of LIBOR (6 months) plus 325 basis points. The facility is secured by first pari-passu charge on the entire fixed assets and current assets of the Company, except those which are specifically charged, corporate guarantee of Cambridge UK, Cambridge Singapore, Scandent USA (formerly Albion) and SHML. As at December 31, 2008, the Company has availed the entire facility of Rs 194 million (US $ 4 million) [March 31, 2008 -- Rs 160 million (US $ 4 million)] and the same is repayable within one year (March 31, 2008 -- Rs Nil).

(ii) On May 15, 2005, the Company entered into a letter of arrangement for a cash credit facility with Axis Bank (formerly UTI Bank) for a tenure of one year, which was subsequently renewed on June 17, 2008 for a period of one year. As per the terms of the arrangement, Axis Bank will provide cash credit upto Rs 35 million to meet the working capital requirement of the Company at an interest rate of the prevailing Axis Bank's prime lending rate minus 3 per cent. The credit is secured by a first pari-passu charge on all the current assets of the Company, both present and future, except receivable from Scandent USA (formerly Albion). As of December 31, 2008, the Company has availed a loan of Rs Nil (March 31, 2008-- Rs 35 million).

(iii) On December 14, 2006, Yes Bank sanctioned a cash credit facility of Rs 50 million to meet the working capital requirements of the Company at an interest rate of Yes Bank's prime lending rate minus 2.5 per cent per annum (March 2008 : 3 per cent per annum). Pursuant to the merger of CISIPL with the Company (refer note 2), the overdraft facility with Yes Bank of CISIPL was transferred to the Company. Consequent to this, the bank on December 24, 2008 enhanced the facility from Rs 50 million to Rs 100 million. The loan is secured by way of first pari passu charge on the current assets and movable fixed assets of the Company and by unconditional and irrevocable Corporate Guarantee of SHML. As at December 31, 2008, the Company has availed facility of Rs 49 million (March 31, 2008 -- Rs 89 million) and the same is repayable within one year.

(iv) On January 16, 2007, State Bank of India sanctioned Export Packing Credit facility of Rs 220 million in equivalent US Dollars to meet the working capital requirements of the Company at an interest rate of LIBOR (6 months) plus 100 basis points for a period of 12 months. On November 30, 2008 the facility was renewed and limit was enhanced to Rs 255 million with an equivalent Cash credit facility as a sub limit for a period of 12 months. Interest rates have been modified to LIBOR (6 months) plus 200 basis points. The loan is secured by way of hypothecation of all the receivable, present and future on pari passu charge with EXIM Bank, Axis Bank and Yes Bank, and corporate guarantee of SHML. The loan is repayable on demand. As at December 31, 2008, the Company has fully availed the facility and the balance outstanding is Rs 227 million (March 31, 2008 -- Rs 198 million).

(v) On August 17, 2007 HSBC Bank sanctioned an overdraft facility of GBP 100,000 to Cambridge UK to meet working capital requirements at an interest rate of 5 per cent per annum over the Bank's Sterling Base Rate for a period of one year. This facility was secured by way of charge over all assets of the Company, present and future and a corporate guarantee given by the Company. As at March 31, 2008, the Company had availed Rs 7 million. The loan has been repaid during the year.

(vi) On December 31, 2004, Axis Bank sanctioned term loan facility of Rs 247 million to meet its normal operation and capital expenditure requirements, at an interest rate of prime lending rate minus 4 per cent per annum. As per the agreement, the loan was repayable in five equal half yearly installment of Rs 49.5 million each commencing from February 2007. Subsequently, the Company had renegotiated the terms of repayment to thirty two equal installments payable monthly from July 2006. The loan is secured by first pari passu charge on all current assets and movable fixed assets of the Company, both present and future, except receivable of Scandent USA (formerly Albion), and collateral security by way of unconditional personal guarantee of an erstwhile Director and corporate guarantee of Cambridge UK and SHML. Further, the Company was required to maintain liquidity reserve equivalent to one installment as a fixed deposit with the Bank. As at March 31, 2008 the Company had fully availed the loan and balance outstanding was Rs 85 million. On July 18, 2008, entire outstanding balance has been repaid by the Company and there is Rs Nil balance outstanding as at December 31, 2008.

(vii) On March 23, 2006, Yes Bank sanctioned a term loan of Rs 280 million to repay some of the existing loans of the Company at an interest rate of Yes Bank's prime lending rate minus 3 per cent per annum. The loan was secured by way of first pari passu charge on the current assets and movable fixed assets of the Company and by unconditional and irrevocable corporate guarantee of SHML. The loan was repayable in twelve equal quarterly installments without moratorium from June 2006. As at March 31, 2008, the Company had availed the entire facility and had repaid eight installments. The balance outstanding as on March 31, 2008, Rs 93 million, was repaid on July 2, 2008 and there is Rs Nil outstanding as at December 31, 2008.

(viii) On December 14, 2006, Yes Bank sanctioned a term loan of Rs 80 million at an interest rate of Yes Bank's prime lending rate minus 2.5 per cent per annum, to meet the working capital requirements of the CISIPL. CISIPL had repaid Rs 40 million in June 2007 and had taken one year moratorium for the remaining balance. The balance outstanding as at March 31, 2008 was Rs 40 million. Pursuant to the merger of CISIPL with the Company, the loan was transferred to the Company. On July 2, 2008 the entire balance outstanding was repaid by the Company and there is Rs Nil balance as at December 31, 2008.

(ix) On June 3, 2008, Yes Bank sanctioned a short-term loan of Rs 90 million for financing capital expenditure at an interest rate of 12 per cent per annum. The loan was secured by way of first pari passu charge on the current assets and movable fixed assets of the Company, both present and future , and by corporate guarantee of SHML. The loan is repayable in six equal monthly installments after a moratorium period of 6 months. On December 24, 2008 the entire balance outstanding was repaid by the Company and there is Rs Nil balance as at December 31, 2008.

(x) On July 14, 2008, Bank of India sanctioned a corporate loan of Rs 250 million at an interest rate of Bank of India prime lending rate minus 1 per cent per annum. The loan is secured by way of first pari passu charge on the current assets, movable fixed assets of the Company, both present and future and a charge on all future and present intangible assets of the Company including goodwill and by unconditional and irrevocable corporate guarantee of SHML. The loan is repayable in twenty five equal installments commencing from March 2009. As at December 31, 2008 the Company has availed the entire loan and the balance outstanding as on December 31, 2008 is Rs 250 million (March 31, 2008 -- Nil). The amount payable within one year is Rs 100 million (March 31, 2008 -- Rs Nil).

(xi) On December 24, 2008, Yes Bank sanctioned a short-term loan of Rs 250 million for financing capital expenditure at an interest rate of Yes Bank's prime lending rate minus 3 per cent per annum. The loan is secured by way of first pari passu charge on the current assets and movable fixed assets of the Company and by corporate guarantee of SHML. The loan is to be repaid in eight equal monthly installments commencing from April 2009. As at December 31, 2008 the Company has availed Rs 230 million (March 31, 2008 -- Rs Nil) of the facility and entire amount is repayable within one year (March 31, 2008 -- Rs Nil). The loan has been funded to a subsidiary company for recouping previous capital expenditure deployed out of internal accruals at such subsidiary and the Company, basis no objection certificate received from bank considers the terms of the loan to be compliant.

(xii) On December 24, 2007, CISGI and Scandent USA has entered into a US $ 40 million Credit agreement jointly with DBS Bank Ltd and Bank of India ('Lenders') at an interest rate of LIBOR plus 250 basis points. US $ 30 million is a working capital loan repayable after a period of fifteen months in 16 consecutive quarterly installments and US $ 10 million is taken to finance the acquisitions, investments and capital expenditure and was to be repaid in full after one year. The loan is secured by way of first pari passu charge on the present and future assets of CISGI, Scandent USA (formerly Albion), Cambridge Australia and floating charge on the all present and future assets of Cambridge Singapore and pledge of shares held by the Company in these subsidiaries and corporate guarantee of the Company, Cambridge Australia and Cambridge Singapore. During the current period the Group has repaid US $ 10 million and has an outstanding loan of Rs 1,454 million(US $ 30 million) as at December 31, 2008 (March 31, 2008- Rs 1,599). The amount repayable within one year as at December 31, 2008 is Rs 363 million (US $ 7.5 million). (March 31, 2008 -- Rs 400 million) (US $ 10 million). As at December 31, 2008 the Group was not in compliance with the financial covenants stated in the Credit agreement. The Group has obtained a waiver of non compliance from one of the Lender as at December 31, 2008 and is awaiting confirmation from the second bank. No notice of default has been received from the lenders and the Group is confident of obtaining the waiver.

(xiii) The Company has obtained vehicles under a financing arrangement. The loan is repayable over two to five years and are secured by assets taken against these loans. As at December 31, 2008, Rs 18 million (March 31, 2008 -- Rs 15 million) was outstanding against the financing arrangements and the amount repayable within one year is Rs 6 million (March 31, 2008 Rs 7 million).

(xiv) The Group obtained computers, vehicle and office equipments on finance lease. These leases range for a period of two to five years and are secured by the assets acquired under these leases. Balance outstanding as at December 31, 2008 is Rs 145 million (March 31, 2008 -- Rs. 22 million) and amount payable within one year is Rs 64 million (March 31, 2008 -- Rs. 90 million). During the current period, the group has changed the classification of lease pertaining to certain office equipments in CISGI from Operating lease to Finance lease. Had the change in classification been done as at March 31, 2008, the balance outstanding would have been higher by Rs 149 million and amount payable within one year would have been higher by Rs 49 million.

8. Unsecured loans	As at December 31, 2008	As at March 31, 2008
Working capital facility	-	33,333,330
Loans from others	227,072,178	187,328,688
Receivable purchase facility	41,287,767	40,532,044
	268,359,945	**261,194,062**

(i) On March 18, 2008, Westpac Australia's First Bank has sanctioned a working capital facility of AUD 2.4 million to Cambridge Australia to meet working capital requirements at an interest rate of bank's overdraft business rate i.e. 10.42 per cent plus a margin of 1.90 per cent per annum. As at March 31, 2008 the balance outstanding was Rs 33 million and was repaid in the current period and there is Nil outstanding as at December 31, 2008.

(ii) Loan from others include loan from AON Services Group Inc, USA ('AON'). As part of Acquisition Agreement entered into by Cambridge LLC, for acquisition of CISGI and Cambridge Australia, AON provided CISGI a subordinated unsecured loan facility for US $ 6 million (AON Credit). On April 22, 2005, CISGI drew US $ 6 million from the facility. The loan is unsecured and carries an interest rate of LIBOR plus 500 basis points. Repayment occurs on earlier of a) May 2010 or b) within a period of six months from the date of repayment in full of the debt under SCB credit agreement. On May 23, 2008, the terms of repayment have been amended whereby the loan is repayable on November 30, 2009. As at December 31, 2008, the balance outstanding is Rs 227 million (March 31, 2008 -- Rs 187 million) and the same is repayable within one year. Also Refer Note 17(ii).

(iii) On January 8, 2008, BWH SARL(' BWH'), France entered into a receivable purchase agreement with Natixis Factor, France. Under the agreement, BWH will sell selected trade receivables to the Natixis without a right of recourse to the Company. The facility is available at the rate of 0.90 per cent of the invoice value plus a discounting charge of three months EURIBOR plus 1.30 per cent per annum. As of December 31, 2008, the net amount outstanding under the agreement is Rs. 41 million (Euro 605,215) (March 31, 2008 -- Rs 40 million).

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9. Fixed Assets

	Gross Block				
	As at April 1, 2008	Additions/ adjustments during the year [Refer note (iii)]	Deletions adjustments	Translation Adjustment	As at December 31, 2008
Leasehold Improvements	270,400,543	47,561,203	17,902,717	17,957,613	318,016,642
Computers	614,627,560	34,856,309	89,671,908	63,429,422	623,241,383
Vehicles	33,433,789	16,059,763	10,738,929	-	38,754,623
Office Equipment	264,196,270	228,391,129	29,410,311	20,216,611	483,393,699
Furniture and fittings	420,815,106	30,411,868	16,915,897	63,006,202	497,317,279
Total	**1,603,473,268**	**357,280,272**	**164,639,762**	**164,609,848**	**1,960,723,626**
Capital work-in-progress					
Previous Year	1,501,596,756	274,990,618	109,246,790	(63,867,316)	1,603,473,268

(i) Computers and office equipment include assets taken under finance lease. All vehicles include asset taken on loan/ finance lease. The gross book value and net book value of assets under finance lease have been disclosed in the table below.

	Gross block	Gross block	Net block	Net block
	As at December 31, 2008	As at March 31, 2008	As at December 31, 2008	As at March 31, 2008
Computers	26,351,331	22,623,362	2,940,597	16,119,275
Vehicles	2,320,620	2,320,620	1,506,814	1,856,496
Office Equipments	206,905,409	494,261	123,273,097	444,835
	235,577,360	**25,438,243**	**127,720,508**	**18,420,606**

(ii) As at December 31, 2008, the Gross book value and net book value of Rs 78 million and Rs 60 million respectively are being used by a sub-lessee. The Company has recorded depreciation charge of Rs 10 million for these assets during the period ended December 31, 2008.

(iii) Additions/Adjustments include Rs 206 million on account of change in classification of certain operating leases to finance lease in CISGI. Accordingly, depreciation for the period is higher by Rs 83 million, including prior period charge of Rs 40 million. [Also Refer note 26].

(iv) Depreciation for the period includes accelerated depreciation on Leasehold improvements Rs 24 million and Furniture and fittings Rs 27 million, pertaining to the vacant premises of CISGI. [Also Refer note 27].

Depreciation					Net Block	
As at April 1, 2008	For the period [Refer note iv]	Deletions / adjustments [Refer note (iii) and (iv)]	Translation adjustment	As at December 31, 2008	As at December 31, 2008	As at March 31, 2008
89,948,842	59,154,861	18,307,911	2,701,029	133,496,821	184,519,821	180,451,701
494,271,883	74,334,647	89,499,341	58,768,488	537,875,677	85,365,706	120,355,677
15,925,646	8,893,546	5,294,710	-	19,524,482	19,230,141	17,508,143
148,170,294	114,653,557	27,406,267	17,193,950	252,611,534	230,782,165	116,025,976
317,622,030	68,933,362	13,168,969	60,691,057	434,077,480	63,239,799	103,193,076
1,065,938,695	**325,969,973**	**153,677,198**	**139,354,524**	**1,377,585,994**	**583,137,632**	**537,534,573**
					10,328,724	27,589,365
1,008,118,309	206,028,905	98,028,263	(50,180,256)	1,065,938,695	537,534,573	

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10. Intangible Assets

	Gross Block					
	As at April 1, 2008	Additions	Deletions/ Adjustments [Refer Note (i)]	Translation adjustment	As at December 31, 2008	As at April 1, 2008
Goodwill	4,028,164,617	-	-	-	4,028,164,617	27,190,595
Goodwill Acquired	98,444,002	-	-	15,129,484	113,573,486	53,588,717
Computer Software	2,322,746,439	379,392,151	14,804,843	444,462,359	3,131,796,106	2,000,773,933
Licence to use intellectual						-
Property	-	16,103,388	-	-	16,103,388	
Total	**6,449,355,058**	**395,495,539**	**14,804,843**	**459,591,843**	**7,289,637,597**	**2,081,553,245**
Capital work-in-progress						
Previous Year	7,340,938,341	91,670,667	749,151,971	(234,101,979)	6,449,355,058	2,291,630,552

(i) (a) Adjustment to Goodwill in the previous year represents reduction of goodwill amounting to Rs 7 million, net of increase in goodwill amounting to Rs 528 million, pursuant to the Cambridge - India Merger Scheme. [Refer note 2].

(b) Adjustment to goodwill in the previous year acquired under Gross Block and Accumulated Depreciation include Rs 684 million and Rs 186 million respectively, representing reduction of Rs 497 million (net) in acquired goodwill in terms of the Cambridge - India Merger Scheme. [Refer note 2].

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Amortisation				Net Block	
For the period	Deletions	Translation adjustment	As at December 31, 2008	As at December 31, 2008	As at March 31, 2008
-	-	-	27,190,595	4,000,974,022	4,000,974,022
13,702,582	-	8,437,371	75,728,670	37,844,816	44,855,285
130,188,854	14,804,843	388,775,217	2,504,933,161	626,862,945	321,972,506
287,726	-	-	287,726	15,815,662	-
144,179,162	**14,804,843**	**397,212,588**	**2,608,140,152**	**4,681,497,445**	**4,367,801,813**
				95,627,550	226,982,483
170,627,325	244,401,627	(136,303,005)	2,081,553,245	4,367,801,813	

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11. Investments (Unquoted, long term at cost, fully paid-up)

	As at December 31, 2008	As at March 31, 2008
Other than trade:		
215,000 Equity Shares of Rs 10 each in Globsyn Technologies Limited	-	8,600,000
Less : Provision for diminution in value of investment	-	(8,600,000)
Trade:		
3,606,023 (March 31, 2008--3,606,023) Class A common stock of Big E real-estate Inc., USA fully paid and non assessable	109,080,633	95,827,500
	109,080,633	**95,827,500**

(i) On January 18, 2007, the Group has entered into a stock and warrant purchase agreement with Big E real-estate Inc., ('Bige') a Delaware Corporation and Cushman & Wakefield Inc ('C&W'), for purchase of share and warrants of Bige. As at December 31, 2008, the Group has made investment of Rs 109 million (US $ 2.25 million) (March 31, 2008 -- Rs 96 million [US $2.25 million]) to acquire 3,606,023 (March 31, 2008 -- 3,606,023) Class A common stock of Bige constituting 15.8% shareholding and is also entitled 10,670,000 warrants at an exercise price of US $ 1 to be exercised per the terms of the agreement.

12. Deferred tax Liability (net)

	Deferred tax asset/ (liability) as at April 1, 2008	Current period credit/ (charge)	Translation Adjustment	Deferred tax asset/(liability) as at December 31, 2008
Depreciation	(126,650)	52,551	(92,948)	(167,047)
Carry forward losses	66,897,290	(77,804,565)	10,907,275	-
Others	(76,853,837)	58,037,502	10,856,450	(7,959,885)
	(10,083,197)	**(19,714,512)**	**21,670,777**	**(8,126,932)**
Previous year*	216,655,424	(210,036,851)	(16,701,770)	(10,083,197)

* After setting off Deferred tax asset in respect of certain group companies in different tax jurisdiction. Accordingly, as at March 31, 2008 Deferred tax asset of Rs 66,897,287 and Deferred tax liability of Rs 76,980,484 has been disclosed separately in the Balance Sheet.

13. Inventories

	As at December 31, 2008	As at March 31, 2008
Software licenses	-	2,311,810
	-	**2,311,810**

14. Sundry debtors (Unsecured)

	As at December 31, 2008	As at March 31, 2008
Debts outstanding for a period exceeding six months		
Considered good	73,331,849	193,816,576
Considered doubtful	389,215,817	125,537,799

Other debts		
Considered good	987,435,165	1,253,376,681
Considered doubtful	28,266,505	-
	1,478,249,336	1,572,731,056
Less : Provision for doubtful debts	417,482,322	125,537,799
	1,060,767,014	**1,447,193,257**

(i) The Company based on specific identification and likelihood to obtain payment has determined an additional amount of provision for doubtful debts amounting to Rs 196 million.

15. Cash and bank balances

	As at December 31, 2008	As at March 31, 2008
Cash on hand	219,900	298,759
Balances with scheduled banks:		
- Current accounts	41,564,840	85,868,309
- Fixed deposit account	24,084,516	26,514,219
Balances with Other banks:		
- Current accounts	2,615,670,644	2,559,149,463
	2,681,539,900	2,671,830,750
Less: Client funds held in escrow	(2,370,518,861)	(2,336,687,950)
	311,021,039	**335,142,800**

(i) Fixed deposits include Rs 2.4 million (March 31, 2008 - Rs 1 million) kept as margin money for the guarantee extended by a bank in favour of the Assistant Commissioner of Customs to procure capital assets without payment of duty and Rs Nil (March 31, 2008 - Rs 11 million) maintained as liquidity reserve as per the terms of the loan agreement with Axis Bank [Refer Note 7(vi)].

(ii) Cash and bank balances are net of client funds (i.e. fiduciary cash held in escrow) that are managed by the Company. The Company has the legal right to use these funds as appropriate to administer claims on behalf of the client.

(iii) Current account balance includes Rs 0.2 million (March 31, 2008 -- Rs 0.24 million) received by preferential allotment of 5.22 per cent Convertible Bonds. [Refer note 37]

16. Other current assets

	As at December 31, 2008	As at March 31, 2008
Deferred contract costs	11,344,623	13,345,720
Unbilled revenue	726,967,447	1,011,035,247
	738,312,070	1,024,380,967

17. Loans and advances (Unsecured)

	As at December 31, 2008	As at March 31, 2008
Considered good		
Dues from related parties		
Loans and advances	-	16,626,410
	-	16,626,410

Advances recoverable in cash or kind or for value to be received [Refer Note (ii) below]	291,290,733	246,986,504
Other receivables	11,652,027	10,394,111
Other deposits	151,221,374	132,838,836
MAT credit receivable	-	8,100,000
Advance tax	89,264,583	73,927,409
	543,428,717	488,873,270
Considered doubtful		
Dues from related parties		
Loans and advances	31,497,636	-
Advances recoverable in cash or kind or for value to be received	11,192,694	-
	42,690,330	-
Less: Provision for doubtful loans and advances	(42,690,330)	-
	543,428,717	**488,873,270**
Dues from related parties:		
Scandent Holding Mauritius Limited, Mauritius	31,497,636	16,626,410
Less: Provision for doubtful loans and advances	(31,497,636)	-
	-	**16,626,410**

(i) During the previous year, pursuant to the Cambridge-India Merger Scheme, the Company had withdrawn Rs 38 million from General reserve and adjusted the same against the receivables from Atindia and Seabulk.

(ii) Pursuant to the settlement agreement entered with AON Corporation ('AON'), the erstwhile parent of CISGI, balance receivable as at March 31, 2008 of Rs 125 million was adjusted against the interest accrued but not due of Rs 61 million and credit balance of Rs 64 million payable to AON.

18. Current liabilities	**As at December 31, 2008**	**As at March 31, 2008**
Sundry creditors	1,629,167,383	1,326,360,821
Book Overdraft	67,663,696	98,473,448
Interest accrued but not due	44,750,277	39,382,885
Advance from customers	352,693,158	243,015,068
Deferred revenue	739,549,439	624,335,074
Other liabilities	168,631,911	112,703,393
	3,002,455,864	**2,444,270,689**

19. Provisions	**As at December 31, 2008**	**As at March 31, 2008**
Provision for taxation	189,966,843	78,201,720
Provision for gratuity	26,265,959	20,261,715
Provision for compensated absences	265,625,520	196,566,748
Provision for onerous lease contracts	809,016,348	259,215,736
	1,290,874,670	**554,245,919**

(i) Movement during the year

Description	Opening Balance	Charge during the period	Used during the period	Translation Adjustment	Closing Balance
Provision for onerous contracts	259,215,736	569,804,085	66,068,539	46,065,066	809,016,348
Provision for gratuity	20,261,715	11,890,570	5,886,326	-	26,265,959
Provision for compensated absences	196,566,748	325,207,805	278,400,124	22,251,091	265,625,520
Total	476,044,199	906,902,460	350,354,989	68,316,157	1,100,907,827
Previous year	720,643,165	261,644,364	467,897,778	38,345,552	474,044,199

20. Miscellaneous expenditure

	As at December 31, 2008	As at March 31, 2008
Deferred interest on 11 per cent debentures	-	984,000
Less: Amortised during the year [Refer Note 25]	-	984,000
	-	-
Deferred upfront / processing fee for loans	75,461,410	66,833,014
Add : Upfront/processing fee incurred during the period / year	37,589,662	104,827,383
Less: Amortised during the year [Refer Note 25]	41,045,059	95,232,382
	72,006,013	76,428,015
Add: Translation Adjustment	11,623,772	-
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2]	-	966,605
	83,629,785	75,461,410
	83,629,785	**75,461,410**

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	For the period April 1, 2008 to December 31, 2008	For the year April 1, 2007 to March 31, 2008
21. Revenues		
Revenue from Software development and related services		
- Time and material contracts	1,980,934,967	2,698,437,326
- Fixed price contracts	303,310,630	424,788,652
- Annual maintenance contracts	100,322,621	102,760,775
- License Sale	23,592,479	86,378,738
Claims Service fee	5,601,240,495	8,559,845,590
Revenue from Information Technology enabled Software services	678,773,833	490,874,853
	8,688,175,025	**12,363,085,934**
22. Other income		
Write back of liability	-	21,088,701
Interest Income [Gross of tax deducted at source of Rs 230,462 (March 31, 2008 -- Rs 688,164)]	55,818,314	184,302,435
Provision for diminution in long term investment written back	100,000	-
[net of loss on sale of investment of Rs 8.5 million (March 31, 2008 -- Rs Nil)]		
Miscellaneous income	54,768,794	107,032,663
	110,687,108	**312,423,799**
23. Employee costs		
Salaries, allowances and bonus	4,458,066,416	5,856,197,285
Contribution to provident fund and other funds	343,107,679	461,440,736
Gratuity and leave encashment charge	337,098,375	414,023,821
Employee stock compensation expense [Refer Note 34]	(742,964)	21,118,995
Staff welfare	401,578,693	587,964,463
Recruitment and relocation	64,168,971	93,550,913
	5,603,277,170	7,434,296,213
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2]	-	17,402,129
	5,603,277,170	**7,416,894,084**
24. Other operating costs		
Project work expenses	430,268,161	790,505,128
Claims work expenses	732,003,353	942,299,722
Travel	302,658,619	382,863,426
Rent and hire charges, net of sublease income of Rs 9.8 million [March 31, 2008 --Rs. 9.07 million]	568,203,602	869,128,119
Communication	237,546,359	315,534,649
Power and fuel	83,856,879	90,774,580
Insurance	83,648,658	129,530,272
Rates and taxes	58,107,030	72,274,906
Repairs and maintenance		
- Computer equipment	63,065,715	96,721,873
- Others	33,262,030	38,039,281

Legal and professional	175,947,176	208,093,002
Printing and stationery	64,165,893	83,118,161
Business promotion	62,094,731	74,796,337
Exchange loss/(gain), net	(106,317,972)	43,295,156
Loss on sale of fixed assets, (net)	4,031,133	4,347,610
Bad debts / provision for bad and doubtful debts (net)	262,638,766	12,976,203
Provision for advances	42,690,330	-
Miscellaneous	171,313,111	160,128,736
	3,269,183,574	**4,314,427,161**

(i) Previous year includes amounts written off Rs 38 Million , withdrawn from general reserve with no impact on Profit and Loss account.

(ii) Claim work expenses for the previous year are net of Rs 121 million (US$ 3 million) amounts written back.

25. Finance costs

Interest on 11 per cent debentures	-	1,128,994
Interest on 5.22 percent Convertible Bonds	-	41,246,424
Amortization of deferred interest on 11 percent debentures [Refer Note 20]	-	984,000
Amortization of loan arrangement and processing fees	41,045,059	95,232,382
Interest on loans	194,313,705	248,777,068
Bank charges	34,669,917	39,708,077
	270,028,681	427,076,945
Less: Adjustments pursuant to Cambridge-India Merger Scheme [Refer Note 2]	-	20,842,878
	270,028,681	**406,234,067**

26. During the current period the management has re-evaluated its equipment lease arrangements, earlier classified as operating lease, and have reclassified these leases as finance lease. Pursuant to the change in classification, equipment having Gross Block of Rs 206 million has been capitalised, rent expenses of Rs 95 million (including Rs 36 million pertaining to prior periods) has been reversed and depreciation amounting to Rs 84 million (including Rs 32 million pertaining to prior periods) and interest cost of Rs 16 million (including Rs 6 million pertaining to prior periods) has been recorded.

27. During the period, the Company has lost certain business due to the economic environment and management has also adopted a new strategic plan for future utilisation of its vacant leased premises as at December 31, 2008. Pursuant to such plan, the management has recorded a provision of Rs 569,804,085 towards onerous lease contracts.

28. Till June 30, 2008, Scandent Group Inc. USA (SG Inc), a subsidiary of the Company (CSL) was considered as an integral foreign operation since it had significant dependence on CSL for its operations. Pursuant to the restructuring undertaken by the Group, Nexplicit US, a non-integral subsidiary, merged with SG Inc with effect from April 1, 2008 resulting in lower operational dependence by SG Inc on CSL and higher independent operations. Consequently, for the period ended December 31, 2008, the management has considered SG Inc as non-integral foreign operations. The change in classification to non-integral foreign operations has resulted in foreign currency translation reserve as at December 31, 2008 of Rs 103 million and losses for the period ended December 31, 2008 to be lower by Rs 115 million. Had the change in classification occurred in the beginning of the earliest period presented, the loss for the year ended March 31, 2008 would have been higher by Rs 53 million.

29. Provision for taxation

(i) Current tax charge reflects provision for income tax based on the taxable income of the Group based on the taxable income as per the local tax laws applicable in the respective countries. While ascertaining the taxable income for the current year, the brought forward losses of the respective entities, if any, have also been considered. Indigo Markets, Bermuda is eligible to claim tax holiday as per the local tax laws applicable.

In India, the Company operates five units, two each in Chennai and Bangalore and one in Mumbai. The Bangalore units are registered with the Software Technology Parks of India, Bangalore and are eligible to claim tax holidays for ten years [up-to the financial year 2009-10] under section 10A of the Indian Income-tax Act, 1961 ('the Act'). In Chennai, the Company has two units, one step up during 2002 which is not eligible to claim benefit under section 10A of the Act and the second facility transferred to the Company as a result of demerger of IT division of SSI Limited ('SSIIT'). During the period, the Company has commenced operation in Shimoga which is registered with STPI as an extension of the existing Bangalore facility.

The current tax charge of the Company amounting to Rs.10 million included in Provision for current tax reflects the tax liability determined under Section 115JB of the Income Tax Act, 1961.

(ii) As at March 31, 2008, the Group has carried forward deferred tax asset of Rs 67 million on the basis of the projected sales of its existing contracts in certain subsidiaries. Further, the Group has deferred tax liability of Rs 77 million in one of its subsidiaries. Deferred tax asset and liability have not been set off against each other as the Company does not have legal right to do so.

(iii) As at December 31, 2008, the Group has deferred tax liability of Rs 8 million in one of its subsidiaries.

(iv) The Group has significant intra group transactions pertaining to revenue and expenses cross charge. The management is in the process of updating the transfer pricing study for such transactions entered into during the year ended December 31, 2008. The management does not anticipate any adjustments with regard to the transactions involved.

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30. Related Party Disclosures

Sl. No.	Name of the related party	Relationship	Nature of transaction	April 1, 2008 to December 31, 2008	Receivable/ (payable) As at December 31, 2008	April 1, 2007 to March 31, 2008	Receivable/ (payable) As at March 31, 2008
(i)	Scandent Holding Mauritius Limited	Holding company	Expenses incurred on behalf of the related party	1,724,482	-	1,965,084	-
		[Refer Note (a)]	Loans and advances	-	31,497,636	-	16,626,410
			Provision for doubtful advance		(31,497,636)	-	-
			Guarantees given by the related party	-	949,557,816	-	665,002,953
(ii)	Atindia Management Services Private Limited	Company in which director of the company is interested (till January 13, 2006)	Write off of loans and advances pursuant to Cambridge-India Merger Scheme [refer Note 2.1.5(ii)]	-	-	(4,639,993)	-
(iii)	Seabulk Software India Private Limited	Company in which director of the company is interested (till January 13, 2006)	Write off of loans and advances pursuant to Cambridge-India Merger Scheme [refer Note 2.1.5(ii)]	-	-	(33,716,063)	-
(iv)	Dilip Keshu (refer note (b))	Director	Salary	14,014,767	-	15,792,705	-
(v)	Satyen Patel (refer note (a))	Executive Vice Chairman & Director	Salary	805,200	-	7,628,803	-
			Guarantees Given	-	-	-	280,287,550
(vi)	Christopher Sinclair (refer note (a))	Executive Chairman & Director	Salary	805,200	-	7,628,803	-

(a) During the period, SHML entered into a Share Purchase Agreement, along with AON and Katra, to sell its stake to XML. Further, on January 12, 2009, Christopher Sinclair (Executive Chairman) and Satyen Patel (Executive Vice-Chairman) resigned, pursuant to the terms of the SPA with XML. (Refer Note 1)

(b) The Company issued stock options for which compensation cost has been recorded in the previous years.

31. Contingent Liabilities and commitments

(i) The Company has export obligations under the Software Technology Park (STP) scheme. In accordance with such scheme, the Company procures capital goods without payment of duties, for which, agreements and bonds are executed by the Company in favour of the Government. In case the Company does not fulfil the export obligation, it shall be liable to pay, on demand an amount equal to such duties saved including interest and liquidated damages. As at December 31, 2008, the Company has availed duty benefits amounting to Rs 62 million (March 31, 2008 -- Rs 26 million). The Company expects to meet its commitment to earn the requisite revenue in foreign currency as stipulated by the STP regulations.

(ii) On March 31, 2006, the Company received an assessment order for the Assessment year 2003-04 which included transfer pricing adjustment for arm’s length price of Rs 126 million. The Company has filed an appeal with the Commissioner of Income tax (Appeals) and is confident of succeeding in reversal of such adjustment and does not expect any liability on this account.

(iii) During the year ended March 31, 2007, the Company received an assessment order for the Assessment year 2004-05 which included transfer pricing adjustment for arms’ length price of Rs 95 million. Consequently, an amount of Rs 6 million has been demanded as tax payable by the Company. As at the period end, the Company has paid Rs 3 million (March 31, 2008 – Rs 3 million) [includes Rs 1 million paid during the previous year] of taxes and has made an application for stay of demand for the balance amount and penalty proceedings. Also, the Company has filed an appeal with the Commissioner of Income tax (Appeals) and is confident of succeeding in reversal of such adjustment.

(iv) During the period ended December 31, 2008, the Company received tax demand for the Assessment year 2005-06 amounting to Rs 119 million, including interest, on account of transfer pricing adjustments amounting to Rs 233 million. Subsequent to the balance sheet date, the Company paid Rs 15 million against which the income tax authorities have accepted the application for stay of demand for the balance amount and penalty proceedings. Further, the Company has filed appeal against aforementioned demand. The Company believes that the final outcome of the above dispute should be in favour of the Company and there should not be any material impact on the financial statements.

(v) CISGI is subject to claims, lawsuits and proceedings that arise in the ordinary course of business. CISGI has purchased Errors and Omissions insurance and other appropriate insurance to provide protection against losses that arise in such matters. Although the ultimate outcome of these matters cannot be ascertained, and liabilities in indeterminate amounts may be imposed on CISGI on the basis of present information, availability of insurance coverage, and legal advice received, it is the opinion of management that the disposition or ultimate determination of such claims and lawsuits will not have a material adverse effect on the consolidated financial position of the Company. However, it is possible that future consolidated results of operations or cash flows for any particular quarterly or annual period could be materially affected by unfavourable resolution of these matters. For the nine month ended December 31, 2008, there are no material accruals for matters of this nature.

(vi) During the year ended March 31, 2007, the Company had entered into a Bank Guarantee facility with Yes Bank for Rs 320 million plus variations on account of exchange rate fluctuations, for the purpose of issuance of standby letter of credit (‘SBLC’) by Yes Bank in favour of a correspondent bank in India for extending credit facilities to its subsidiaries. As at December 31, 2008, the Company has utilized Rs 355 million (March 31, 2008 – Rs 343 million) of the facility towards SBLCs issued to secure facility extended to CISGI, USA and Cambridge Australia by a correspondent bank. In the event of default by the subsidiaries, the Company will need to indemnify Yes Bank to the extent of the facility availed.

Westpac Banking Corporation has provided Bankers Undertakings (Guarantees) for a customer for claim processing for the value of Rs 69 million (31 March 2008 – Rs 73 million).

32. Earnings / (loss) per share

	As at December 31, 2008	As at March 31, 2008
Net profit / (loss) for the year after tax	**(1,520,475,671)**	**(87,940,035)**
Weighted average number of equity shares in calculating basic Earnings per share ('EPS') - (A)	111,356,011	108,628,471
Basic EPS	**(13.65)**	**(0.8095)**
Weighted average number of potential equity shares under employee stock options during the year - (B)	4,888	67,999
Weighted average number of equity shares in calculating diluted EPS - (A+B)	111,360,899	108,696,470
Diluted EPS	**(13.653)***	**(0.8090)***

* Since diluted EPS has increased after considering the potential equity shares under employee stock options, the same is considered to be anti-dilutive and has not been considered for the computation of diluted EPS. Accordingly, the diluted EPS is same as basic EPS.

33. Segment reporting

The primary reporting of the Group has been performed on the basis of business segments. The Company is organised into two business segments, Business Process Outsourcing ('BPO') and Information Technology ('IT') segments. Segments have been identified and reported based on the activity of the customer, the risks and returns, the organisation structure and the internal financial reporting systems.

Secondary segmental reporting is performed on the basis of the geographical location of customers. The management views the North Americas, Europe, Australia and Rest of the world as distinct geographical segments.

Corporate activities such as treasury and taxation, which do not qualify as operating segments under Accounting Standard 17, 'Segment Reporting', issued by CASR'2006 have been considered as unallocated items.

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Segment reporting

Particulars	IT		BPO		Unallocated		Eliminations		Total	
	April 1, 2008 to December 31, 2008	April 1, 2007 to March 31, 2008	April 1, 2008 to December 31, 2008	April 1, 2007 to March 31, 2008	April 1, 2008 to December 31, 2008	April 1, 2007 to March 31, 2008	April 1, 2008 to December 31, 2008	April 1, 2007 to March 31, 2008	April 1, 2008 to December 31, 2008	April 1, 2007 to March 31, 2008
Revenues										
External sales	2,408,160,697	3,312,365,491	6,280,014,328	9,050,720,443	-	-	-	-	8,688,175,025	12,363,085,934
Inter-segment transfers	78,735,143	75,954,026	-	-	-	-	(78,735,143)	(75,954,026)	-	-
Total revenues	**2,486,895,840**	**3,388,319,517**	**6,280,014,328**	**9,050,720,443**	**-**	**-**	**(78,735,143)**	**(75,954,026)**	**8,688,175,025**	**12,363,085,934**
Other Income										
Facilities and maintenance income	-	-	25,520,917	28,754,981	-	-	-	-	25,520,917	28,754,981
Interest and Other income	-	-	-	-	85,166,191	283,668,818	-	-	85,166,191	283,668,818
Total Other Income	**-**	**-**	**25,520,917**	**28,754,981**	**85,166,191**	**283,668,818**	**-**	**-**	**110,687,108**	**312,423,799**
Costs										
Segment costs	2,578,419,963	3,218,589,440	7,333,994,001	8,889,388,035	-	-	-	-	9,912,413,964	12,107,977,475
Inter-segment transfers	-	-	43,161,886	41,876,012	-	-	(43,161,886)	(41,876,012)	-	-
Total costs	2,578,419,963	3,218,589,440	7,377,155,887	8,931,264,047	-	-	(43,161,886)	(41,876,012)	9,912,413,964	12,107,977,475
Segment result	(91,524,123)	169,730,077	(1,071,620,642)	148,211,377	85,166,191	283,668,818	(35,573,257)	(34,078,014)	(1,113,551,831)	567,532,258
Finance costs	-	-	-	-	(270,028,681)	(406,234,067)	-	-	(270,028,681)	(406,234,067)
Tax expense	-	-	-	-	(136,895,159)	(249,238,226)	-	-	(136,895,159)	(249,238,226)
Net profit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,520,475,671)**	**(87,940,035)**
Other information										
Segment assets	2,720,691,713	2,960,879,125	5,214,163,866	5,414,903,805	-	-	-	-	7,934,855,579	8,375,782,930
Inter segment assets	252,007,010	171,272,836	-	-	-	-	(252,007,010)	(171,272,836)	-	-
Unallocated assets	-	-	-	-	281,975,030	320,213,607	-	-	281,975,030	320,213,607
Total assets	**2,972,698,723**	**3,132,151,961**	**5,214,163,866**	**5,414,903,805**	**281,975,030**	**320,213,607**	**(252,007,010)**	**(171,272,836)**	**8,216,830,609**	**8,695,996,537**
Segment liabilities	838,892,375	705,438,584	3,219,721,419	2,175,493,420	-	-	-	-	4,058,613,794	2,880,932,004
Inter segment liabilities	-	-	252,007,040	171,272,836	-	-	(252,007,040)	(171,272,836)	-	-
Unallocated liabilities	-	-	-	-	3,077,407,077	2,799,559,335	-	-	3,077,407,077	2,799,559,335
Total liabilities	**838,892,375**	**705,438,584**	**3,471,728,459**	**2,346,766,256**	**3,077,407,077**	**2,799,559,335**	**(252,007,040)**	**(171,272,836)**	**7,136,020,871**	**5,680,491,339**
Capital expenditure [Refer note 9 (iii)]	25,189,832	46,731,616	372,559,280	396,303,164	-	-	-	-	397,749,112	443,034,780
Depreciation	27,032,804	33,129,322	298,937,170	172,899,583	-	-	-	-	325,969,973	206,028,905
Amortisation	127,897,891	20,172,061	16,281,271	150,455,263	-	-	-	-	144,179,162	170,627,325
Bad debts / Provision for Bad and doubtful debts	112,849,610	945,195	192,479,486	12,031,008	-	-	-	-	305,329,096	12,976,203
Provision for onerous leases	70,161,438	-	499,642,647	-	-	-	-	-	569,804,085	-

Geographical segments	As at December 31, 2008	As at March 31, 2008
Australia	1,309,699,379	2,083,329,211
Europe	957,959,935	1,022,160,451
North America	5,856,702,575	8,671,635,580
Rest of World	563,813,136	585,960,691
Total	**8,688,175,025**	**12,363,085,933**

Fixed assets used in the Group's business or liabilities contracted have not been identified to any reportable geographical segments as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosures relating to total segment assets and liabilities are made.

34. Employee Stock Option Plans

(i) During the year ended March 31, 2004, the Board of Directors approved the Employee Stock Option Plan ('ESOP Plan 2004') for the grant of stock options to the employees of the Company and employees of its subsidiary companies. A compensation committee has been constituted to administer the plan and to determine the exercise price.

During the year 2003-04, the Compensation Committee had granted 477,268 options under the ESOP Plan 2004 to be exercised at a grant price of Rs 10. Further, during the year ended March 31, 2007 additional 15,017 shares were granted under the above scheme.

The options will vest with the employees in the following manner

- 75% of the options after twelve months from the grant date; and
- the remaining options after twenty-four months from the grant date.

The fair value of the equity shares has been determined by the management on the date of the grant for ESOP Plan 2004 based on a valuation by an independent appraiser. As per the terms of the ESOP Plan 2004, the exercise price equals the face value of the equity shares of Cambridge, and accordingly the difference between the fair value and the exercise price has been recorded as compensation cost. During the period no options have been exercised (March 31, 2008 -- 12,017) and nil options were forfeited (March 31, 2008 – 3,762). No options have been granted under the plan in the current period.

The employee stock compensation expense for the period ended December 31, 2008 is Rs 494,836 (March 31, 2008 -- Rs 515,781).

Following table details the movement of options for the plan mentioned above (i.e., ESOP Plan 2004)

Particulars	As at December 31, 2008	As at March 31, 2008
Options outstanding at the beginning of the period/ year	45	15,824
Options granted during the period /year	-	-
Options forfeited during the period/year	-	3,762
Options exercised during the period/year	-	12,017
Options expired during the period/year	-	-
Options outstanding at the end of the period/year	45	45
Options exercisable at the end of the period/year	45	45

Following are the details of exercise price and the options for ESOP Plan 2004:

ESOP Plan 2004	Exercise price		Number of options outstanding		Weighted average remaining life of options (in years)		Weighted average exercise price	
	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008
ESOP Plan 2004	10	10	45	45	0.25	1.00	10	10

The estimated weighted average fair value of options granted during the year is Rs Nil per share (March 31, 2008 -- Rs Nil)

(ii) Pursuant to the SSIIT Merger Scheme, the Company needs to issue and allot to every holder of options under Employees Stock Option Scheme 1999, Employees Stock Option Scheme 2000 and Employees Equity Option Plan 2001, being an employee of SSIIT, one option for one equity share of Cambridge against every option for one equity share of SSI held by him on the record date, aggregating to options for not more than 87,617 equity shares, except that the holder of an option to receive Global Depository Shares ('GDS') of SSI shall be entitled to one option for one equity share of Cambridge for every option for 10 GDSs of SSI held by him.

Accordingly, on November 10, 2004, the Board of Directors of Cambridge have approved SSIIT Services – Employees Stock Option Plan, 2004 ('ESOP II Plan 2004') for grant of options to the holder of options in SSI as on July 2, 2004, the Appointed Date. The Company has granted 70,892 options under the ESOP II Plan 2004 on November 10, 2004 to be exercised at a price of Rs 128.24, which approximates to the fair value of the options. The validity period of the Scheme shall be for a period of 84 months from the date of vesting. Based on the confirmation received from SSI, as at September 30, 2004, the options have been fully vested under the original stock option schemes. During the period, 2,700 options have been forfeited (March 31, 2008 – 39,734) and no shares have been exercised (March 31, 2008 -- Nil).

Considering that the exercise price equals the fair value [i.e., the market value] of the equity shares of Cambridge, no compensation cost has been recorded by the Company.

Following table details the movement of options for the plan mentioned above (i.e., ESOP II Plan 2004)

Particulars	December 31, 2008	March 31, 2008
Options outstanding at the beginning of the period/ year	3,900	43,634
Options granted during the period/year	-	-
Options forfeited during the period/year	2,700	39,734
Options exercised during the period/year	-	-
Options expired during the period/year	-	-
Options outstanding at the end of the period/year	1,200	3,900
Options exercisable at the end of the period/year	1,200	3,900

Weighted average remaining life of the options outstanding and exercisable as at December 31, 2008 is 2.92 years

(iii) During the year ended March 31, 2006, the Board of Directors approved the Employee Stock Option Plan ('ESOP Plan 2005') for the grant of stock options to the employees of the Company and the employees of its subsidiary companies. A compensation committee has been constituted to administer the plan and to determine the exercise price.

Under the ESOP Plan 2005, on May 27, 2005, 179,263 options have been issued under Program I at a grant price of Rs 10 and 384,473 options under Program II at grant price of Rs 172. During the year ended March 31, 2007 additional 5,737 shares were granted under Program I and 68,000 shares were granted under program II, under the above scheme.

The vesting period for Program I shall be one year from the date of grant and in a staggered manner for Program II, spread over two years as follows:-

- 40% of the options one year from the date of grant
- 60% of the options two years from the date of grant

The difference between the market value and the exercise price under Program I is considered as deferred compensation cost and amortised over the vesting period. During the year, the Company has recorded employee stock compensation expense of Rs Nil (March 31, 2008 -- Rs Nil). The exercise price for the options granted under program II are at the intrinsic value of the equity shares of Cambridge as at the date of grant, and accordingly, no compensation cost has been recorded by the Company.

During the period no options were exercised (March 31, 2008 – 15,803) and nil options were forfeited (March 31, 2008 – 49,000).

Following table details the movement of options for the two plans mentioned above (i.e. ESOP I Plan 2005 and ESOP II Plan 2005)

Particulars	December 31, 2008		March 31, 2008	
	No. of shares	Weighted average exercise price (Rs)	No. of shares	Weighted average exercise price (Rs)
Options outstanding at the beginning of the year	103,500	125.51	168,303	128.28
Options granted during the year	-	-	-	-
Options forfeited during the year	-	-	49,000	172.00
Options exercised during the year	-	-	15,803	10.00
Options expired during the year	-	-	-	-
Options outstanding at the end of the year	103,500	125.51	103,500	125.51
Options exercisable at the end of the year	103,500	125.51	103,500	125.51
Weighted average remaining contractual life (in years)	0.70	-	1.45	-
Weighted average fair value of options	-	74.13	-	74.13

The estimated weighted average fair value of options granted during the period is Rs Nil per share (March 31, 2008 -- Rs Nil).

Following are the details of exercise price and the options for ESOP Plan 2005:

ESOP Plan 2005	Exercise price		Number of options outstanding		Weighted average remaining life of options (in years)		Weighted average exercise price	
	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008
Program I	10	10	5,000	5,000	0.42	1.17	10	10
Program II	113.15 - 172	113.15 - 172	98,500	98,500	0.72	1.47	131	131

(iv) During the year ended March 31, 2007, the Board of Directors approved the Employee Stock Option Plan (‘ESOP Plan 2006’) for the grant of stock options to the employees of the Company and the employees of its subsidiary companies. A compensation committee has been constituted to administer the plan and to determine the exercise price.

Under the ESOP Plan 2006, during the year ended March 31, 2007, 60,000 options have been issued under Program I at a grant price of Rs 10 and 2,057,946 options under Program II at a grant price equivalent to the market value of the shares on the date of grant. Further, during the previous year additional 1,870,000 shares were granted under Program II, under the above scheme. The vesting period for Program I shall be one year from the date of grant and in a staggered manner for Program II, spread over three years as follows:-

- 33.33% of the options one year from the date of grant
- 33.33% of the options two years from the date of grant
- 33.34% of the options three years from the date of grant

The difference between the intrinsic value and the exercise price under Program I is considered as deferred compensation cost and amortised over the vesting period. The exercise price for the options granted under program II are at the intrinsic value of the equity shares of Cambridge as at the date of grant, and accordingly, no compensation cost has been recorded by the Company.

During the period, 24,000 options were exercised (March 31, 2008 -- 24,000) and 1,211,000 options were forfeited / expired (March 31, 2008 -- 1,247,000).

During the period, on account of expiry of options granted to employees, the Company recorded a reversal of Rs 1,237,800 within employee stock compensation expenses. During the year ended March 31, 2008, the Company had recorded employee stock compensation expense of Rs 2,916,460.

Following table details the movement of options for the two plans mentioned above (i.e. ESOP I Plan 2006 and ESOP II Plan 2006)

Particulars	December 31, 2008		March 31, 2008	
	No. of Shares	Weighted average exercise price (Rs)	No. of Shares	Weighted average exercise price (Rs)
Options outstanding at the beginning of the period/year	2,716,946	96.05	2,117,946	117.22
Options granted during the period/year	-	-	1,870,000	87.01
Options forfeited during the period/year	1,199,000	104.43	1,247,000	120.34
Options exercised during the period/year	24,000	10	24,000	10
Options expired during the period/year	12,000	-	-	-
Options outstanding at the end of the period/year	1,481,946	91.36	2,716,946	96.05
Options exercisable at the end of the period/year	4,95,298	-	-	-
Weighted average remaining contractual life (in Years)	3.06	-	3.61	-
Weighted average fair value of options granted	-	47.12	-	51.05

The estimated weighted average fair value of options granted during the period is Rs Nil per share (March 31, 2008 – Rs 40.77 per share). This was calculated by applying the Black-Scholes option pricing model with the following inputs:

Particulars	March 31, 2008
Average risk-free interest rate	7.26%-7.76%
Expected volatility of share price	52.77%
Expected life of options granted (in years)	4-5
Expected dividend yield	Nil

Expected volatility has been determined using the history of trading price of the shares of the Company on the NSE and BSE from March 10, 2005 to the date of the grant of the options.

Following are the details of exercise price and the options for ESOP Plan 2006:

ESOP Plan 2006	Exercise price		Number of options outstanding		Weighted average remaining life of options (in years)		Weighted average exercise price	
	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008	Dec 31, 2008	Mar 31, 2008
Program I	-	10	-	36,000	-	2.5	-	10
Program II	56.90 - 140.35	56.90 - 140.35	1,481,946	2,680,946	3.06	3.62	91.36	97.2

The Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements on the reported net profit and earnings per share would be as follows:

Particulars	December 31, 2008	March 31, 2008
Net loss as reported	1,520,475,671	87,940,035
Add : Stock based employee compensation expenses included in reported income	(742,964)	3,716,867
Less: Stock based employee compensation expenses determined under Fair value based method net of tax effects	31,350,467	38,436,252
Revised loss	1,552,569,102	122,659,420
Loss Per Share		
Basic	(13.94)	(1.13)
Diluted (also refer note 29)	(13.94)	(1.13)

35. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and amounts recognized in the balance sheet for the respective plans.

Net employee benefit expense (recognized in employee cost):

Particulars	December 31, 2008	March 31, 2008
Current service cost	6,204,824	5,599,244
Interest cost on benefit obligation	1,612,014	1,251,668
Expected return on plan assets	(254,986)	(228,803)
Net actuarial(gain) / loss recognized in the period/year	4,199,617	2,780,004
Net benefit expense	**11,761,469**	**9,402,113**

Details of Provision for gratuity (Balance Sheet)

Particulars	December 31, 2008	March 31, 2008
Defined benefit obligation	(30,714,489)	(22,327,263)
Fair value of plan assets	5,419,499	2,907,418
Plan asset / (liability)	**(25,294,990)**	**(19,419,845)**

Changes in the present value of the defined benefit obligation are as follows:

Particulars	December 31, 2008	March 31, 2008
Opening defined benefit obligation	22,327,263	15,396,866
Interest cost	1,612,014	1,251,668
Current service cost	6,204,824	5,599,244
Benefits paid	(3,330,348)	(2,507,496)
Actuarial (gains) / losses on obligation	3,900,736	2,586,981
Closing defined benefit obligation	30,714,489	22,327,263

The principal assumptions used in determining gratuity are shown below:

Particulars	(%)	
	December 31, 2008	March 31, 2008
Expected rate of return on plan assets	5.75	7
Discount rate	5.75 to 6	8
Increase in compensation cost	10	10
Employee turnover	20	20

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Changes in the fair value of plan assets are as follows:

Particulars	December 31, 2008	March 31, 2008
Opening fair value of plan assets	2,907,418	2,504,792
Expected return	254,986	228,803
Contributions by employer	3,582,260	1,165,954
Benefits paid	(1,026,284)	(799,108)
Actuarial gains / (losses)	(298,881)	(193,023)
Closing fair value of plan assets	5,419,499	2,907,418

The Company expects to contribute Rs 2,300,229 (March 2008 – Rs 3,635,647) to gratuity during January to December 2009.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	December 31, 2008 (%)	March 31, 2008 (%)
Investments with insurer	100	100

Amounts for the current and previous two periods are as follows:

Particulars	December 31, 2008	March 31, 2008	March 31, 2007
Defined benefit obligation	30,714,489	22,327,263	15,396,867
Plan assets	5,419,499	2,907,418	2,504,792
Surplus / (deficit)	(25,294,990)	(19,419,845)	(12,892,075)
Experience adjustments on plan liabilities	3,900,736	2,586,981	1,094,093
Experience adjustments on plan assets	298,881	193,023	-

36. Leases

(A) Operating leases

(i) *In case of assets taken on lease*

Office premises, guest house premises and equipments are obtained under operating lease.

Rent and hire charges for such operating leases recognised in the Profit and loss Account for the year is Rs. 568,203,602 (31 March 2008 -- Rs. 869,128,119).

The lease arrangements have been entered up to a maximum of ten years from their respective dates of inception. Some of these lease agreements have price escalation clauses.

The amounts payable on account of the non-cancellable operating leases are as follows:

Particulars	December 31, 2008	March 31, 2008
Not later than one year	704,999,387	736,806,533
Later than one year but not later than five years	1,642,383,526	1,958,847,934
Later than five years	179,196,352	272,084,159
	2,526,579,265	**2,967,738,626**

(ii) *In case of assets given on lease*

The Company has sub-leased premises on operating lease. The lease is non-cancellable for tenure of 4 years and entails an escalation of lease rent on a periodical basis. Rent income for such operating leases recognised in the Profit and loss Account for the period ended December 31, 2008 is Rs. 9,845,361 (March 31, 2008 – Rs. 9,068,656)

There are no uncollectible minimum lease payments receivable at the balance sheet date.

Particulars	December 31, 2008	March 31, 2008
Future minimum lease payment		
Not later than one year	18,756,831	12,405,951
Later than one year and not later than five years	22,883,014	25,633,274
Later than five years	-	-
	41,639,845	**38,039,225**

(B) Finance lease

The Company has entered into an arrangement for lease of office equipment and computer equipment. The lease arrangement for computer and office equipment is for a period of 3 to 5 years. Under the terms of the lease, the Company is required to pay fixed monthly instalments over the lease term. These leases have term of renewal but no purchase options and escalation clauses.

The amount payable on account of these finance leases are as follows:

Particulars	December 31, 2008	March 31, 2008
Total minimum lease payments*	160,389,501	25,170,882
Less: Interest	14,926,175	2,684,016
Present value of minimum lease payments*	**145,463,326**	**22,486,866**

* net of security deposit paid for computer

Future minimum lease payments under finance lease are as under:

Particulars	December 31, 2008	
	Minimum lease payments	Present value of minimum lease payments
Payable not later than one year	72,969,631	64,199,647
Payable later than one year and not later than five years	87,419,871	81,263,680
Payable later than 5 years	-	-
Total	**160,389,502**	**145,463,327**

Particulars	March 31, 2008	
	Minimum lease payments	Present value of minimum lease payments
Payable not later than one year	9,628,751	9,065,215
Payable later than one year and not later than five years	15,542,131	13,421,151
Payable later than 5 years	-	-
Total	**25,170,882**	**22,486,366**

37. Details of utilisation of proceeds raised through preferential issues

During the year ended March 31, 2006, the Company had made preferential allotment of 1,025,227 equity shares of Rs.10 each at a premium of Rs 210 per share and preferential allotment of Rs 1,336.50 million 5.22 per cent Convertible Bonds to Indopark Holdings Limited, a wholly owned subsidiary of Merrill Lynch & Co.

Details of utilization of proceeds raised through these preferential issues are as follows:

Particulars	December 31, 2008	March 31, 2008
Repayment of loans and debentures	-	20,610,844
Bank balance	244,093	244,093
Total	**244,093**	**20,854,937**

38. (a) Derivative Instruments and Un-hedged Foreign Currency Exposure

Particulars of derivatives	Purpose
Forward contract outstanding as at Balance Sheet date	
Sell	
US $ 2,800,000	Hedge of expected future sales. Derivative instruments of US $ 400,000 maturing every month until August 2009.
GBP 1,500,000	Hedge of expected future sales Derivative instruments of GBP 300,000 maturing every month until May 2009.

(b) Foreign Currency Exposure

As at December 31, 2008 the company has foreign currency exposure to the extent of the following (figures in the brackets are in respect of the previous year)

Particulars	USD	GBP	Euro	SGD	RM	JPY	AUD	CAD
Assets:								
Sundry debtors	15,291,705	4,900,593	343,818	-	-	27,587,994	-	192,272
	(9,098,091)	(3,492,581)	(119,188)	(20,728)	(-)	(68,618,910)	(-)	(-)
Cash and Bank	557,033	3,919	-	-	-	1,989,252	-	76,546
	(1,063,648)	(396,929)	(11,849)	(-)	(-)	(27,125,031)	(-)	(55,981)
Loans and advances	42,699,000	844,883	475,998	134,039	-	-	11,182	31,992
	(24,906,072)	(922,990)	(1,042,720)	(19,227)	(-)	(-)	(330,134)	(-)
Liabilities:								
Secured Loan	6,301,467	-	-	-	-	-	-	-
	(8,003,110)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Unsecured Loan	-	-	216,845	-	-	-	-	-
	(-)	(-)	(216,845)	(-)	(-)	(-)	(-)	(-)
Current liabilities	8,349,226	4,397,625	4,000	2,755,626	242,992	42,844,577	17,514,519	563
	(14,394,120)	(2,360,613)	(545,690)	(2,136,448)	(465,663)	(3,572,393)	(8,701,648)	(-)

The Company has not hedged the foreign currency exposure of the aforementioned assets and liabilities at December 31, 2008 and March 31, 2008

39. Prior year comparatives

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current period's presentation. The current year figures are for a period of nine months and hence are not strictly comparable with the previous year.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Gurgaon, India
Date : March 27, 2009

For and on behalf of the Board of Directors of
Cambridge Solutions Limited

David Andrews
Executive Chairman &
Chief Executive Officer

Richard Houghton
Executive Vice Chairman

Nipun Bhatia
Chief Financial Officer

V Viswanathan
Company Secretary

Place : London, UK
Date : March 27, 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

CAMBRIDGE SOLUTIONS LIMITED

(All amounts in Indian Rupees)

	For the period April 1, 2008 to December 31, 2008	For the year April 1, 2007 to March 31, 2008
A. Cash flow from operating activities		
Net profit / (Loss) before taxation	**(1,383,580,512)**	**161,298,191**
Adjustments for:		
Depreciation	325,969,973	206,028,905
Amortisation	144,179,162	170,627,325
Amortisation of Miscellaneous expenditure (included in Finance costs)	41,045,059	75,373,504
(Profit) / loss on sale of fixed assets	4,031,133	4,347,610
Foreign exchange (gain)/loss (net) - unrealised	58,084,181	(16,956,721)
Interest income	(55,818,314)	(184,302,435)
Write back of liability	-	(21,088,701)
Provision for onerous lease contracts	569,804,085	-
Provision for Doubtful Debts	305,329,096	12,976,203
Sale of long-term investments	(100,000)	-
Deferred employee compensation expense	(742,964)	3,716,866
Interest expense	194,313,705	291,152,486
Operating profit before working capital changes	**202,514,604**	**703,173,233**
Movements in working capital :		
Decrease / (Increase) in Inventory	2,311,810	(13,549,144)
Decrease / (Increase) in sundry debtors and unbilled revenue	518,452,253	(106,511,517)
Decrease / (Increase) loans and advances	(18,284,853)	(35,432,346)
Increase / (Decrease) in current liabilities and provisions	126,366,430	(805,760,768)
Net cash used in operating activities	**831,360,244**	**(258,080,542)**
Direct taxes paid, net of refunds	(17,044,075)	(10,966,857)
Net cash from/ (used in) operating activities (A)	**814,316,169**	**(269,047,399)**
B. Cash flows from investing activities		
Purchase of fixed assets and intangible assets	(427,616,287)	(457,630,630)
Proceeds from sale of fixed assets	6,931,431	6,870,917
Purchase of investments	-	(29,452,500)
Sale of long-term investments	100,000	-
Interest received	55,818,314	183,614,271
Investment in fixed deposits with maturity > 3 months	(78,847)	-
Proceeds from maturity of fixed deposits > 3 months	2,508,550	17,935,698
Payment for acquisition of subsidiaries	(19,800,000)	(226,540,000)
Receipt from disposal of subsidiaries (net)	-	1,288,736,056
Net cash from / (used) in investing activities (B)	**(382,136,839)**	**783,533,812**

Consolidated Cash Flow Statement for the period ended December 31, 2008

CAMBRIDGE
CAMBRIDGE SOLUTIONS LIMITED

(All amounts in Indian Rupees)

	For the period April 1, 2008 to December 31, 2008	For the year April 1, 2007 to March 31, 2008
C. Cash flows from financing activities		
Proceeds from issue of share capital	240,000	518,200
Share issuance expense	-	(1,336,500)
Loan arrangement and processing fees	(37,589,662)	(104,827,383)
(Repayment)/ proceeds from cash/ export credit facilities - net	(71,898,437)	3,362,532
Proceeds from term loans	570,000,000	780,232,044
Repayment of term loans and finance lease obligation	(768,584,862)	(1,236,213,159)
Interest paid	(188,946,313)	(327,429,270)
Net cash (used in) financing activities (C)	**(496,779,274)**	**(885,693,536)**
Net decline in cash and cash equivalents (A + B + C)	**(64,599,944)**	**(371,207,123)**
Cash and cash equivalents at the beginning of the year	308,628,581	600,189,843
Effect of changes in exchange rates on cash and cash equivalents	42,907,886	79,645,861
Cash and cash equivalents at the end of the year	**286,936,523**	**308,628,581**
Components of cash and cash equivalents:		
Cash on hand	219,900	298,759
Balances with scheduled banks	41,564,840	112,382,528
Balances with other banks	2,639,755,160	2,559,149,463
Less: Client funds held in escrow	(2,370,518,861)	(2,336,687,950)
	311,021,039	335,142,800
Less: Fixed deposits with maturity greater than 3 months	(24,084,516)	(26,514,219)
	286,936,523	**308,628,581**
Supplementary information :		
Fixed assets acquired on loan / under finance lease obligation	13,695,824	9,642,958

Note:

(i) During the year ended March 31, 2007, the Group had acquired Ecomm Solutions Corp and Nexplicit Infotech India Private Limited for a consideration of Rs US $ 12.03 million. Of the total consideration, US $ 6.03 million (Rs 278 million) , US $ 5.56 million (Rs 226 million) and US $ 0.44 million (Rs 19.80 million) was paid during the year ended March 31, 2007 , previous year and current year respectively. The entire consideration has been received in cash and cash equivalents.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Prashant Singhal
Partner
Membership No. 93283

Place : Gurgaon, India
Date : March 27, 2009

For and on behalf of the Board of Directors of
Cambridge Solutions Limited

David Andrews
Executive Chairman &
Chief Executive Officer

Richard Houghton
Executive Vice Chairman

Nipun Bhatia
Chief Financial Officer

V Viswanathan
Company Secretary

Place : London, UK
Date : March 27, 2009

NOTICE

Notice is hereby given that the Eighth Annual General Meeting ("AGM") of the Members of **CAMBRIDGE SOLUTIONS LIMITED (Formerly Known as Scandent Solutions Corporation Limited)** ("Cambridge" or "the Company") will be held on **Thursday June 18, 2009** at **11.00 AM** at **SJR I-Park, Plot 13, 14, 15, EPIP Industrial Area, Phase I Whitefield, Bangalore 560066**, **India,** to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at December 31, 2008 and the Profit and Loss Account for the period (nine months) ended on that date together with the reports of Directors and the Auditors thereon.

2. To appoint a Director in place of Mr. Kunal Kashyap who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint M/s Price Waterhouse & Co, Chartered Accountants as Statutory Auditors of the Company, who shall hold the office from the conclusion of this meeting until the conclusion of the next AGM on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors.

SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION:**

   RESOLVED THAT Mr. Praful Chandaria, who in terms of Section 260 of the Companies Act, 1956 and Clause 93 of the Articles of Association of the Company, holds office till the date of this Annual General Meeting and in respect of whom a notice has been received from a member under Section 257 of the said Act, be and is hereby appointed as a Director of the Company.

5. To consider and if thought fit to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION:**

   RESOLVED THAT Mr. Shamsher Kanji who in terms of Section 260 of the Companies Act, 1956 and Clause 93 of the Articles of Association of the Company, holds office till the date of this Annual General Meeting and in respect of whom a notice has been received from a member under Section 257 of the said Act, be and is hereby appointed as a Director of the Company.

6. To consider and if thought fit to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION:**

   RESOLVED THAT Mr. David Andrews who in terms of Section 260 of the Companies Act, 1956 and Clause 93 of the Articles of Association of the Company, holds office till the date of this Annual General Meeting and in respect of whom a notice has been received from a member under Section 257 of the said Act, be and is hereby appointed as a Director of the Company.

7. To consider and if thought fit to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION:**

   RESOLVED THAT Mr. Richard Houghton who in terms of Section 260 of the Companies Act, 1956 and Clause 93 of the Articles of Association of the Company, holds office till the date of this Annual General Meeting and in respect of whom a notice has been received from a member under Section 257 of the said Act, be and is hereby appointed as a Director of the Company.

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 the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, or any statutory amendments or modifications thereto and subject to the approval of the Central Government and such other sanctions as may be necessary, desirable and expedient in law, the approval of the members in General Meeting be and is hereby accorded, to the appointment of Mr. David Andrews, as Whole time Director to be designated as the Executive Chairman and Chief Executive Officer of the Company for a period of three years from January 12, 2009 to January 11, 2012.

   RESOLVED FURTHER THAT Mr. David Andrews shall not be paid any remuneration in the form of salary or perquisites for the appointment as Whole time Director.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and perform such acts, deeds, matters or things and take such steps as may be necessary, expedient or desirable to give effect to this resolution.

9. 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 Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, or any statutory amendments or modifications thereto and subject to the approval of the Central Government and such other sanctions as may be necessary, desirable and expedient in law, the approval of the members in General Meeting be and is hereby accorded, to the appointment of Mr. Richard Houghton, as Whole time Director to be designated as Executive Vice Chairman and Executive Director of the Company for a period of three years from January 12, 2009 to January 11, 2012.

   RESOLVED FURTHER THAT Mr. Richard Houghton shall not be paid any remuneration in the form of salary or perquisites for the appointment as Whole time Director.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and perform such acts, deeds, matters or things and take such steps as may be necessary, expedient or desirable to give effect to this resolution.

By Order of the Board of Directors,

Place: Bangalore
Date: April 27, 2009

V. VISWANATHAN
Company Secretary

NOTES

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company. Under the Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution, or by those holding paid-up capital of at least Rs. 50,000 (Rupees Fifty Thousand Only). A proxy may not vote except on a poll.

3. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

4. Members / proxies should bring duly filled in Attendance Slips sent herewith for attending the meeting.

5. The Register of Directors' Shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the AGM.

6. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the members during business hours at the Registered Office of the Company.

7. The Register of Members and Share Transfer Books of the Company will remain closed from June 11, 2009 to June 18, 2009 (both days inclusive).

8. Members whose shareholding is in the electronic mode are requested to direct change of address notifications.

9. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.

10. Members who wish to attend the Annual General Meeting may give their names, address, Folio/Client ID Number and phone number, 7 days before the meeting to Mr. Velmurugan by phone (080-30540000 Extn:1062) or through email (velmurugan.sabapathi@cambridge-asia.com). The transportation will be provided from the centralized location in the City to the venue of the Annual General Meeting.

11. Members are requested to address all correspondence to the Registrar and Share Transfer Agents – Karvy Comuputershare Private Limited, Plot No.17-24, Vittal Rao Nagar Madhapur Hyderabad - 500 081, India.

12. The Auditors Certificate certifying that the Company's Stock Option Plans viz., Cambridge ESOP 2006, Scandent ESOP 2005, Scandent ESOP 2004 and Scandent SSI IT Services ESOP 2004 are being implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, and any amendment thereto, is available for inspection of the members at the AGM.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:

Item No. 3:

The current term of Statutory Auditors is expiring on the conclusion of this Annual General Meeting. They have expressed their inability to be re-appointed as Statutory Auditors of the Company. Hence your Directors propose to appoint M/s. Price Waterhouse & Co, as Statutory Auditors of the Company, from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

Item No. 4 & 5:

The Board of Directors in its meeting held on December 15, 2008 appointed Mr. Praful Chandaria and Mr. Shamsher Kanji as Additional Directors under Section 260 of the Companies Act, 1956 to hold office up to the date of this AGM as per Article 93 of the Articles of Association of the Company.

Notice is received in writing under Section 257 of the Companies Act, 1956 along with the deposit of Rs. 1000/- has been received by the Company from a member signifying his intention to propose the appointment of Mr. Praful Chandaria and Mr. Shamsher Kanji as Directors of the Company.

The Resolutions under item No. 4 & 5 are recommended as an Ordinary Resolutions. None of the Directors other than Mr. Praful Chandaria and Mr. Shamsher Kanji are interested or concerned in the Resolutions under items 4 and 5 respectively.

ADDITIONAL INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

Name of the Director	Praful Chandaria		Shamsher Kanji	
Date of Birth	03/10/1938		29/08/1936	
Date of appointment	December 15, 2008		December 15, 2008	
Qualification	Graduated with Honours in Economics and International Relations from University of Wales		Graduated with Honours in Law from University of London	
Relation with Promoters/ Directors	None		None	
Expertise in Functional area	Praful graduated with Honours in Economics and International Relations from University of Wales, and attended the PMD program at the Harvard Business School. Praful is a member of a multi generation business family that has built leading global businesses from modest origins in East Africa almost a hundred years ago. As a part of the family management team, he has played a significant role in developing the groups' activities in Africa, Asia and Europe.		Shamsher admitted as a Barrister in England by the Middle Temple, London in 1957, as Advocate in 1958 in Tanganyika, as a Solicitor in New South Wales, Australia in 1972 and subsequently in Victoria and Western Australia and a as Lawyer in Papua New Guinea.	
Directorships in other Public Companies	NIL		NIL	
	Chairmanship	Membership	Chairmanship	Membership
Audit Committee	NIL	NIL	NIL	NIL
Shareholders' Grievances Committee	NIL	NIL	NIL	NIL

Membership / Chairmanship in Committees of Cambridge Solutions Limited	NIL	NIL	NIL	NIL
Number of shares held in Cambridge Solutions Limited	NIL		NIL	
Percentage of shareholding	NA		NA	

Item No. 6 & 7

During the period, the principal shareholders (Scandent Holdings Mauritus Limited, AON Minet Pension Scheme and Katra Finance Limited) of the Company entered into Share Purchase Agreements (the "SPAs") to sell up to 75% of the fully diluted share capital of the Company to Xchanging (Mauritius) Limited ("XML"), a wholly-owned subsidiary of Xchanging plc ("Xplc"), a listed company incorporated under the laws of England and Wales. In compliance with Indian law and as a consequence of entering into the SPAs, XML was required to make an open offer to acquire up to 20% of the fully diluted share capital of the Company (the "Open Offer"). The total proportion of the shares in the Company acquired by XML under the SPAs and the Open Offer is 75% of the fully diluted share capital. The acquisition of shares under the SPAs was completed on April 9, 2009. However, pursuant to the terms of the SPAs, XML assumed certain rights in relation to the Company in advance of the acquisition completion date. A number of these rights were assumed from January 1, 2009 and therefore it is from this date that the power of operational control is considered to have passed to XML.

Consequently, the Board in its meeting held on January 12, 2009 appointed Mr. David Andrews and Mr. Richard Houghton, nominees of Xchanging Plc, as Additional Directors under Section 260 of the Companies Act, 1956 to hold office up to the date of this AGM as per Article 93 of the Articles of Association of the Company.

Notice is received in writing under Section 257 of the Companies Act, 1956 along with the deposit of Rs. 1000/- has been received by the Company from a member signifying his intention to propose the appointment of Mr. David Andrews and Mr. Richard Houghton as Directors of the Company.

The Resolution under item No. 6 & 7 are recommended as an Ordinary Resolutions. None of the Directors other than Mr. David Andrews and Mr. Richard Houghton are interested or concerned in the Resolutions under items 6 and 7 respectively.

ADDITIONAL INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

Name of the Director	David Andrews		Richard Houghton	
Date of Birth	17/07/1949		03/10/1958	
Date of appointment	January 12, 2009		January 12, 2009	
Qualification	MA in Finance and Administration, Fellow member of Institute of Chartered Accountants		Graduate in Chemical Engineering from Cambridge and MBA from Harward University	
Relation with Promoters/ Directors	Promoter Director		Promoter Director	
Expertise in Functional area	Founded Xchanging in 1999. Previously David built up Accenture's outsourcing business in West Europe		Joined Xchanging in 1999 and was appointed CFO. He had held CEO positions in his earlier career.	
Directorships in other Public Companies	NIL		NIL	
	Chairmanship	**Membership**	**Chairmanship**	**Membership**
Audit Committee Shareholders' Grievances Committee	NIL NIL	NIL NIL	NIL NIL	NIL NIL

Membership / Chairmanship in Committees of Cambridge Solutions Limited	NIL	NIL	NIL	Audit Committee
Number of shares held in Cambridge Solutions Limited	NIL		NIL	
Percentage of shareholding	NA		NA	

Item No. 8 & 9

Consequent to the transfer of management control, Mr. Christopher Sinclair resigned from the position of Executive Chairman and Mr. Satyen Patel resigned from the position of Executive Vice Chairman of the Company which was approved by the Board in its meeting held on January 12, 2009. The Board of Directors at their meeting held on January 12, 2009 appointed Mr. David Andrews as Whole time Director to be designated as Executive Chairman and Chief Executive Officer and Mr. Richard Houghton as Whole time Director to be designated as Executive Vice Chairman and Executive Director of the Company on the terms and conditions as may be agreed between by the Board of Directors and Mr. David Andrews and Mr. Richard Houghton respectively, for a period of three years with effect from January 12, 2009 and their appointment is subject to the approval of the shareholders. The said appointments would be without any remuneration until otherwise determined by the Board. The above may also be treated as an abstract of the terms of the Agreement between the Company and Mr. David Andrews and Mr. Richard Houghton respectively pursuant to Section 302 of Companies Act, 1956. The Directors recommend the resolutions under item No. 8 & 9 for the approval by the shareholders as Special Resolutions. None of the Directors of the Company, except Mr. David Andrews and Mr. Richard Houghton, being interested in the respective resolutions relating to their respective appointments, are interested in the said resolutions.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

The following are the bio-data of the Director seeking re-appointment or recommended for re-appointment as a Director:

Name of the Director	**Kunal Kashyap**	
Date of Birth	15/03/1965	
Date of appointment	May 23, 2005	
Qualification	Chartered Accountant	
Relation with Promoters/ Directors	None	
Expertise in Functional area	Kunal is a Chartered Accountant by profession and is currently the Chairman and Managing Director of Allegro Capital Advisors Pvt Ltd, a leading Investment Bank. Kunal was also the founder and an executive director of Clestream Technologies Pvt Ltd, a leading software product engineering organisation. During the period 1994-2000, he was a global partner at Arthur Andersen responsible for developing the firms' practice in South India. Kunal has also been responsible for managing the treasury and Business Development function for Asia Pacific at Digital Equipment Corporations.	
Directorships in other Public Companies	1. Glaxo Consumer Healthcare Limited 2. DIL Limited 3. Research Support International Limited	
	Chairmanship	Membership
Audit Committee	DIL Limited	Glaxo Consumer Healthcare Limited
Shareholders' Grievances Committee	NIL	NIL

Membership / Chairmanship in Committees of Cambridge Solutions Limited	Audit Committee	Shareholders' Grievances Committee
Number of shares held in Cambridge Solutions Limited	12000	
Percentage of shareholding	0.01	

By Order of the Board

Place : Bangalore
Date : April 27, 2009

V. VISWANATHAN
Company Secretary

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CAMBRIDGE SOLUTIONS LIMITED

(Formerly Known as Scandent Solutions Corporation Limited)

Registered Office

SJR I-Park, Plot 13, 14, 15., EPIP Industrial Area, Phase I, Whitefield, Bangalore 560066.

PROXY FORM

Regd. Folio No./ DP Client ID ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

I / We...of .... in the district of ....being a member / members of the Company, hereby appoint .... of .... in the district of .... or failing him / her .... of .... as my / our Proxy to attend and vote for me / us on my / our behalf at the **Eighth Annual General Meeting** of the Company to be held on Thursday, June 18, 2009 at 11.00 A.M at SJR I-Park, Plot 13, 14, 15., EPIP Industrial Area, Phase I Whitefield, Bangalore 560066, India and at any adjournment thereof.

Signed this......................................day of .... 2009.

Affix Revenue Stamp

SIGNATURE

Note:

1. Proxy need not be a member.
2. This form, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

CAMBRIDGE SOLUTIONS LIMITED

(Formerly Known as Scandent Solutions Corporation Limited)

Registered Office

SJR I-Park, Plot 13, 14, 15., EPIP Industrial Area, Phase I, Whitefield, Bangalore 560066.

ATTENDANCE SLIP

Eighth Annual General Meeting -____________________

Regd. Folio No./ DP Client ID ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

No. of shares held ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the Eighth Annual General Meeting of the Company at SJR I-Park, Plot 13, 14, 15., EPIP Industrial Area, Phase I Whitefield, Bangalore 560066, India, on Thursday at 11.00 A.M on June 18, 2009.

....	....
Member's / proxy's name in BLOCK letters	Signature of member / proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

Shareholder Information

Cambridge Solutions Limited

SJR I-Park, Plot 13, 14, 15.
EPIP Industrial Area,Phase I
Whitefield, Bangalore 560066
Tel +9180 30540000
Fax +9180 41157394

For Corporate reports and Company News,visit our website at: www.cambridgeworldwide.com

Statutory Auditors

S.R.Batliboi & Associates
UB City, Canberra Block
12th & 13th Floor
No 24 Vittal Mallya Road
Bangalore-560 001

Compliance Contact:

V. Viswanathan
Tel +9180 30540000
Fax +9180 41157394
E-mail: compliance@cambridge-asia.com

Listed on the following stock exchanges (Ticker Symbol: CAMBRIDGE)

BSE (Bombay Stock Exchange)
NSE (National Stock Exchange)
ASE (Ahmedabad Stock Exchange)
MSE (Madras Stock Exchange)

Safe Harbor Statement

Certain statements in this document are forward looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services, including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns in fixed price, fixed time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, etc. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.

CAMBRIDGE
Strategic Global Outsourcing
www.cambridgeworldwide.com